

Aztec Municipal School District No.2

Financial Statements
For the Year Ended June 30, 2024



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Aztec Municipal School District No. 2

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June 30, 2024

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Aztec Municipal School District No. 2

Official Roster

June 30, 2024

Primary Government

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Fran Dobey		President
Jimmy Dusenbery		Vice President
Laci Phillips		Secretary
Katy Buckholz		Member
Amanda Sutherland		Member
<u>Administrative Officials</u>		
Lauren Laws		Superintendent
Evelyn Garcia		Associate Superintendent of Finance
Jonathan Acrey		Associate Superintendent of Human Resources

Component Unit

<u>Name</u>	<u>Governing Council</u>	<u>Title</u>
Landrea Cupps		President
Joni Palmer		Vice President
Kristen Arnett		Secretary
Lorraine Bahena		Member
Shane Tunnell		Member
Nicci Unsicker		Member
Christine Brown		Member
<u>Administrative Officials</u>		
Amanda Knight		Director
Tami Nothstine		Business Manager

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INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Aztec Municipal School District No. 2
Aztec, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Aztec Municipal School District No. 2, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Aztec Municipal School District No. 2's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Aztec Municipal School District No. 2, as of June 30, 2024, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aztec Municipal School District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aztec Municipal School District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aztec Municipal School District No. 2's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aztec Municipal School District No. 2's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules A-1 through B-4 and notes to the Required Supplementary Information on pages 82 through 101 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aztec Municipal School District No. 2's basic financial statements. The combining and individual fund financial statements, the combining financial statements for the general fund, the combining financial statements for the discretely presented component unit, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the combining financial statements for the general fund, the combining financial statements for the discretely presented component unit, the Schedule of Expenditures of Federal Awards and the Supporting Schedules I through IV required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the Aztec Municipal School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aztec Municipal School District No. 2's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aztec Municipal School District No. 2's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is stylized, with a large, looped "C" at the beginning.

Cordova CPAs LLC
Albuquerque, New Mexico
November 11, 2024

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**BASIC
FINANCIAL STATEMENTS**

Aztec Municipal School District No. 2

Statement of Net Position

June 30, 2024

	Primary Government	Component Unit
	Governmental Activities	Mosaic Academy Charter School
Assets		
Current assets		
Cash and cash equivalents	\$ 4,789,663	\$ 767,934
Investments	8,999,987	-
Receivables:		
Property and oil and gas taxes	569,763	726
Due from other governments	3,243,434	61,526
Other	26,757	-
Prepaid expenses	11,285	-
Inventory	105,764	-
Total current assets	<u>17,746,653</u>	<u>830,186</u>
Noncurrent assets		
Restricted cash and cash equivalents	5,249,972	-
Right of use assets, net	-	2,428,087
Capital assets	127,690,971	26,771
Less: accumulated depreciation	<u>(80,138,905)</u>	<u>(26,771)</u>
Total noncurrent assets	<u>52,802,038</u>	<u>2,428,087</u>
<i>Total assets</i>	<u>70,548,691</u>	<u>3,258,273</u>
Deferred outflows of resources		
Deferred outflows - pension	4,950,403	565,133
Deferred outflows - OPEB	<u>2,010,825</u>	<u>219,911</u>
<i>Total deferred outflows of resources</i>	<u>6,961,228</u>	<u>785,044</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 77,509,919</u></u>	<u><u>\$ 4,043,317</u></u>

The accompanying notes are an integral part of these financial statements.

	Primary Government Governmental Activities	Component Unit Mosaic Academy Charter School
Liabilities		
Current liabilities		
Accounts payable	\$ 335,571	\$ 1,643
Accrued payroll	676,568	57,474
Unearned revenue	3,160	-
Current portion of leases payable	-	49,113
Total current liabilities	1,015,299	108,230
Noncurrent liabilities		
Accrued compensated absences	165,222	-
Noncurrent portion of leases payable	-	2,488,881
Net pension liability	43,153,081	2,724,260
Net OPEB Liability	5,653,272	360,487
Total noncurrent liabilities	48,971,575	5,573,628
<i>Total liabilities</i>	49,986,874	5,681,858
Deferred inflows of resources		
Deferred inflows - pension	7,653,387	487,797
Deferred inflows - OPEB	6,619,494	427,668
<i>Total deferred inflows of resources</i>	14,272,881	915,465
Net position		
Net investment in capital assets	47,552,066	-
Restricted for:		
Debt service	10,130,912	-
Capital projects	5,278,986	81,208
Special revenue	2,062,055	66,226
Unrestricted	(51,773,855)	(2,701,440)
<i>Total net position</i>	13,250,164	(2,554,006)
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 77,509,919	\$ 4,043,317

The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
Instruction	\$ 13,646,500	\$ 496,489	\$ 3,177,350
Support services - students	2,448,721	89,090	570,142
Support services - instruction	803,118	29,219	186,992
Support services - general administration	649,330	23,624	151,185
Support services - school administration	2,048,764	74,538	477,019
Central services	1,634,636	59,472	380,597
Operation and maintenance of plant	7,082,503	257,677	1,649,038
Student transportation	1,170,941	-	1,269,572
Other support services	1,569	-	-
Food services operations	2,416,229	-	2,227,687
Community services operations	122,355	4,452	28,488
Interest and other charges	81,667	-	-
Total primary government	\$ 32,106,333	\$ 1,034,561	\$ 10,118,070
Component Unit:			
Mosaic Academy Charter School	2,788,606	\$ 7,028	\$ 693,418

General Revenues:

Taxes:

Oil and gas taxes

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Miscellaneous income

Gain on disposition of assets

Total general revenues

Change in net position

Net position - beginning

Net position, ending

The accompanying notes are an integral part of these financial statements.

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
	Governmental Activities	Component Unit
\$ 211,044	\$ (9,761,617)	\$ -
37,870	(1,751,619)	-
12,420	(574,487)	-
10,042	(464,479)	-
31,684	(1,465,523)	-
25,280	(1,169,287)	-
109,531	(5,066,257)	-
-	98,631	-
-	(1,569)	-
-	(188,542)	-
1,892	(87,523)	-
-	(81,667)	-
<u>\$ 439,763</u>	<u>(20,513,939)</u>	<u>-</u>
<u>\$ 162,427</u>	<u>-</u>	<u>(1,925,733)</u>
	3,041,040	22,076
	147,670	-
	4,389,248	-
	818,887	-
	28,762,508	2,342,632
	174,228	-
	118,592	-
	2,700	-
	<u>37,454,873</u>	<u>2,364,708</u>
	16,940,934	438,975
	<u>(3,690,770)</u>	<u>(2,992,981)</u>
	<u>\$ 13,250,164</u>	<u>\$ (2,554,006)</u>

The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	ARP, ESSER III 24330	Capital Improvements SB- 9 Local 31701
<i>Assets</i>			
Cash and cash equivalents	\$ 464,889	\$ -	\$ 1,246,617
Investments	2,250,851	-	2,805,179
Receivables:			
Property taxes	18,234	-	89,215
Due from other governments	71,034	1,069,522	30,260
Other	25,852	-	-
Inventory	87,306	-	-
Prepaid expenditures	-	-	-
Due from other funds	2,606,773	-	-
<i>Total assets</i>	<u>\$ 5,524,939</u>	<u>\$ 1,069,522</u>	<u>\$ 4,171,271</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 77,739	\$ -	\$ 53,075
Accrued payroll	586,476	12,919	-
Unearned revenue	-	-	-
Due to other funds	-	1,062,303	-
<i>Total liabilities</i>	<u>664,215</u>	<u>1,075,222</u>	<u>53,075</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	15,414	-	73,533
<i>Total deferred inflows of resources</i>	<u>15,414</u>	<u>-</u>	<u>73,533</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory and prepaid expenditures	87,306	-	-
Spendable:			
Restricted for:			
Transportation	49,091	-	-
Instructional materials	1,489	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	47,953	-	-
Capital acquisitions and improvements	-	-	4,044,663
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	2,847,898	-	-
Assigned	457,725	-	-
Unassigned	1,353,848	(5,700)	-
<i>Total fund balances</i>	<u>4,845,310</u>	<u>(5,700)</u>	<u>4,044,663</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,524,939</u>	<u>\$ 1,069,522</u>	<u>\$ 4,171,271</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund 41000	Ed Tech Debt Service Fund 43000	Other Governmental Funds	Total
\$ 593,382	\$ 4,656,590	\$ 3,078,157	\$ 10,039,635
2,381,916	1,510,428	51,613	8,999,987
227,811	234,503	-	569,763
39,584	128,248	1,904,786	3,243,434
-	-	905	26,757
-	-	18,458	105,764
-	-	11,285	11,285
-	-	-	2,606,773
\$ 3,242,693	\$ 6,529,769	\$ 5,065,204	\$ 25,603,398
\$ -	\$ -	\$ 204,757	\$ 335,571
-	-	77,173	676,568
-	-	3,160	3,160
-	-	1,544,470	2,606,773
-	-	1,829,560	3,622,072
203,366	174,461	-	466,774
203,366	174,461	-	466,774
-	-	29,743	117,049
-	-	-	49,091
-	-	-	1,489
-	-	1,099,192	1,099,192
-	-	67,327	67,327
-	-	922,008	969,961
-	-	1,160,790	5,205,453
3,039,327	6,355,308	-	9,394,635
-	-	-	2,847,898
-	-	-	457,725
-	-	(43,416)	1,304,732
3,039,327	6,355,308	3,235,644	21,514,552
\$ 3,242,693	\$ 6,529,769	\$ 5,065,204	\$ 25,603,398

The accompanying notes are an integral part of these financial statements.

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Aztec Municipal School District No. 2
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2024

Exhibit B-1
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Fund balances - total governmental funds	\$ 21,514,552
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	47,552,066
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	466,774
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pension	4,950,403
Deferred outflows - OPEB	2,010,825
Deferred inflows - pension	(7,653,387)
Deferred inflows - OPEB	(6,619,494)
Liabilities, including accrued compensated absences, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(165,222)
Net pension liability	(43,153,081)
Net OPEB Liability	<u>(5,653,272)</u>
<i>Total net position - governmental activities</i>	<u><u>\$ 13,250,164</u></u>

The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	ARP ESSER III 24330	Capital Improvements SB- 9 Local 31701
<i>Revenues</i>			
Ad valorem and Oil and Gas taxes	\$ 271,226	\$ -	\$ 1,262,804
Intergovernmental revenue:			
Federal flowthrough	-	1,526,646	-
Federal direct	-	-	-
State flowthrough	12,619	-	-
State direct	28,762,508	-	-
Transportation distribution	1,269,572	-	-
Charges for services	709,566	-	-
Investment income	131,988	-	-
Miscellaneous	24,592	-	-
<i>Total revenues</i>	<u>31,182,071</u>	<u>1,526,646</u>	<u>1,262,804</u>
<i>Expenditures</i>			
Current:			
Instruction	17,383,181	303,607	-
Support services - students	2,614,965	-	-
Support services - instruction	561,626	-	-
Support services - general administration	406,070	50,092	8,772
Support services - school administration	2,199,228	20,928	-
Central services	1,409,238	385,801	-
Operation and maintenance of plant	3,772,930	176,268	1,090,961
Student transportation	1,310,979	3,159	-
Other support services	1,437	-	-
Food services operations	-	-	-
Community services operations	833	147,763	-
Capital outlay	-	435,437	429,277
Debt service:			
Principal	-	-	-
Interest	-	-	-
Debt issuance costs	-	-	-
<i>Total expenditures</i>	<u>29,660,487</u>	<u>1,523,055</u>	<u>1,529,010</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,521,584</u>	<u>3,591</u>	<u>(266,206)</u>
<i>Other financing sources (uses)</i>			
Debt proceeds	-	-	-
Proceeds from sale of capital assets	2,700	-	-
<i>Total other financing sources (uses)</i>	<u>2,700</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,524,284	3,591	(266,206)
<i>Fund balances - beginning</i>	<u>3,321,026</u>	<u>(9,291)</u>	<u>4,310,869</u>
<i>Fund balances - end of year</i>	<u><u>\$ 4,845,310</u></u>	<u><u>\$ (5,700)</u></u>	<u><u>\$ 4,044,663</u></u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund 41000	Ed Tech Debt Service Fund 43000	Other Governmental Funds	Total
\$ 535,631	\$ 6,386,594	\$ -	\$ 8,456,255
-	-	4,614,403	6,141,049
-	-	286,766	286,766
-	-	2,083,678	2,096,297
-	-	1,220,104	29,982,612
-	-	-	1,269,572
-	-	324,995	1,034,561
67,580	-	-	199,568
-	-	94,000	118,592
<u>603,211</u>	<u>6,386,594</u>	<u>8,623,946</u>	<u>49,585,272</u>
-	-	2,755,636	20,442,424
-	-	203,192	2,818,157
-	-	438,445	1,000,071
2,302	44,836	156,202	668,274
-	-	548,332	2,768,488
-	-	271,826	2,066,865
-	-	2,029,310	7,069,469
-	-	114,756	1,428,894
-	-	-	1,437
-	-	2,287,402	2,287,402
-	-	-	148,596
-	-	47,823	912,537
12,241,384	1,709,000	-	13,950,384
346,847	262	-	347,109
135	51,489	-	51,624
<u>12,590,668</u>	<u>1,805,587</u>	<u>8,852,924</u>	<u>55,961,731</u>
<u>(11,987,457)</u>	<u>4,581,007</u>	<u>(228,978)</u>	<u>(6,376,459)</u>
-	-	1,709,000	1,709,000
-	-	-	2,700
<u>-</u>	<u>-</u>	<u>1,709,000</u>	<u>1,711,700</u>
(11,987,457)	4,581,007	1,480,022	(4,664,759)
<u>15,026,784</u>	<u>1,774,301</u>	<u>1,755,622</u>	<u>26,179,311</u>
<u>\$ 3,039,327</u>	<u>\$ 6,355,308</u>	<u>\$ 3,235,644</u>	<u>\$ 21,514,552</u>

The accompanying notes are an integral part of these financial statements.

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Aztec Municipal School District No. 2
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Exhibit B-2
Page 2 of 2

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances - total governmental funds	\$ (4,664,759)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the Statement
of Activities, the cost of those assets is allocated over their estimated useful lives
and reported as depreciation expense:

Capital expenditures	862,721
Depreciation expense	(2,792,781)

Revenues in the Statement of Activities that do not provide current financial resources
are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	(59,410)
Change in unavailable revenue related to grants receivable	(455,955)
Prior year accrued interest receivable	(25,340)

Governmental funds report District pension and OPEB contributions as expenditures. However
in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee
contributions is reported as pension expense:

District pension contributions subsequent to measurement date	3,619,761
District OPEB contributions subsequent to measurement date	395,641
Net Pension income	6,021,449
Net OPEB income	1,650,533

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued interest payable	358,450
Increase in accrued compensated absences not due and payable	(4,620)
Write off of book value from leases previously reported	(164,756)
Principal payments on bonds and lease purchase notes	12,200,000

<i>Change in net position of governmental activities</i>	<u><u>\$ 16,940,934</u></u>
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The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2

Exhibit C-1

General Fund

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variances Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<i>Revenues</i>				
Property taxes	\$ 276,988	\$ 276,988	\$ 276,059	\$ (929)
Intergovernmental revenue:				
State flowthrough	-	-	12,619	12,619
State direct	28,837,988	28,762,508	28,762,508	-
Transportation distribution	1,269,572	1,269,572	1,369,572	100,000
Charges for services	297,819	297,819	342,288	44,469
Investment income	70,000	70,000	111,215	41,215
Miscellaneous	30,230	30,230	23,520	(6,710)
<i>Total revenues</i>	<u>30,782,597</u>	<u>30,707,117</u>	<u>30,897,781</u>	<u>190,664</u>
<i>Expenditures</i>				
Current:				
Instruction	19,301,577	19,216,782	17,102,869	2,113,913
Support services - students	2,720,424	2,895,424	2,614,965	280,459
Support services - instruction	489,695	664,695	561,251	103,444
Support services - general administration	541,950	766,498	406,066	360,432
Support services - school administration	2,371,524	2,371,524	2,196,464	175,060
Central services	1,647,915	1,647,915	1,408,875	239,040
Operation and maintenance of plant	4,466,370	4,466,370	3,824,510	641,860
Student transportation	1,535,287	1,536,976	1,257,129	279,847
Other support services	-	3,000	1,437	1,563
Community services operations	1,200	11,200	833	10,367
<i>Total expenditures</i>	<u>33,075,942</u>	<u>33,580,384</u>	<u>29,374,399</u>	<u>4,205,985</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,293,345)</u>	<u>(2,873,267)</u>	<u>1,523,382</u>	<u>4,396,649</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,285,345	2,865,267	-	(2,865,267)
Proceeds from sale of capital assets	8,000	8,000	2,700	(5,300)
<i>Total other financing sources (uses)</i>	<u>2,293,345</u>	<u>2,873,267</u>	<u>2,700</u>	<u>(2,870,567)</u>
<i>Net change in fund balance</i>	-	-	1,526,082	1,526,082
<i>Fund balance - beginning of year</i>	-	-	2,743,582	2,743,582
<i>Plus ending fund balance student activity funds</i>	-	-	457,725	457,725
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,727,389</u>	<u>\$ 4,727,389</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,526,082
Adjustments to revenues for taxes and intergovernmental revenue				(41,981)
Adjustments to expenditures for supplies and payroll expenditures				(4,114)
Plus increase from student activity funds				44,297
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 1,524,284</u>

The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2
ARP, ESSER III Special Revenue Fund - 24330
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2024

Exhibit C-2

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 1,064,357	\$ 1,789,947	\$ 833,383	\$ (956,564)
<i>Total revenues</i>	<u>1,064,357</u>	<u>1,789,947</u>	<u>833,383</u>	<u>(956,564)</u>
<i>Expenditures</i>				
Current:				
Instruction	393,248	371,451	303,607	67,844
Support services	128,276	172,578	71,020	101,558
Central services	412,623	415,947	385,801	30,146
Operation and maintenance of plant	55,500	239,417	179,859	59,558
Student transportation	5,710	6,000	3,159	2,841
Community services operations	64,000	148,035	147,763	272
Capital outlay	5,000	436,519	435,437	1,082
<i>Total expenditures</i>	<u>1,064,357</u>	<u>1,789,947</u>	<u>1,526,646</u>	<u>263,301</u>
<i>Net change in fund balance</i>	-	-	(693,263)	(693,263)
<i>Fund balance - beginning of year</i>	-	-	(381,959)	(381,959)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,075,222)</u>	<u>\$ (1,075,222)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (693,263)
Adjustments to revenues for federal grants				693,263
Adjustments to expenditures for accounts payable and accrued payroll				<u>3,591</u>
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 3,591</u>

The accompanying notes are an integral part of these financial statements.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies

The Aztec Municipal School District No. 2 was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the NM Public Education Department and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates seven schools within the District. In conjunction with the regular education programs, all of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Aztec Municipal School District No. 2's management, who is responsible for their integrity and objectivity. The financial statements of the Aztec Municipal School District No. 2 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has one component unit as described in the following paragraphs, and is not a component unit of another governmental agency.

The Mosaic Academy charter school is chartered under the District and is the financial responsibility of the District. Mosaic Academy is a discretely presented component unit of the District, as defined by GASB Statement No. 14, as amended by GASB Statement No. 39, and has a separate governing board. A New Mexico charter school is considered a public school, accredited by the state board of public education and accountable to the District's local school board for ensuring compliance with applicable laws, rules and charter provisions. Mosaic Academy does not issue separate financial statements. The notes to financial statements and fund financial statements for the discretely presented component unit are included in these financial statements.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have business-type activities as of June 30, 2024.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – Net investment in capital assets, restricted net position and unrestricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes (property taxes) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

General Fund:

The *Operational Fund* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Transportation Fund* is used to account for the costs associated with transporting school-age children to and from school. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Local Revenue Operational Fund* is used for the maintenance of public-school buildings and grounds. Expenditures include wastewater treatments and the purchase of maintenance and repair equipment. Maintenance supports school safety on the simplest level by preventing and fixing small threats to staff, teachers, and students on school buildings and facilities.

The *Student Activities* are to account for monies maintained by management for various student groups at each location within the District. These are established to direct and account for monies used to support cocurricular and extracurricular student activities. As a general rule, cocurricular activities are any kinds of school-related activities outside the regular classroom that directly add value to the formal or stated curriculum. The student activity funds were appropriately reported in the current year in accordance with GASB Statement No. 84 and the fund balances are reported as part of the General Fund.

Special Revenue Fund:

ARP, ESSER III (24330) is used to help schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico's students.

Capital Projects Funds:

The *Capital Improvements SB-9 Local Fund (31701)* provides financing for the purchase of equipment and capital improvements to District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Debt Service Funds:

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal, interest and related costs. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Ed Tech Debt Service Fund (43000)* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal, interest and related costs associated with the Education Technology bond issues. Authority for the creation of this fund is the New Mexico Public Education Department.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the Pool is the same as the fair value of the pool shares. As of June 30, 2024, the District did not hold any pool shares in the State Treasurer's Investment Pool.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2024, there are no items are required to be valued using valuation techniques.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The District's restricted assets are made up of debt service funds that cannot be spent in the subsequent year.

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in San Juan County. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the San Juan County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2024. Period of availability is deemed to be sixty days subsequent to year end for property taxes and ninety days subsequent to year end for other nonexchange revenues.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These payments are related to grant reimbursements and are not recognized as expenditures and submitted for reimbursement until the purchase is complete. The District records prepaid items using the consumption method.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The District was a phase II government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2024.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings/building improvements	20-50 years
Furniture and equipment	3-5 years
Vehicles	5-7 years

Accrued Payroll Liabilities: In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages, and benefits that employees earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$466,774 related to property taxes that are considered “unavailable”. The District also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Compensated Absences: All District employees on a 12-month contract earn annual leave at a rate of 1 day per month. Employees shall not accumulate more than 30 days of annual leave. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Accumulated sick leave is payable upon termination and is recorded as expenditures when it is paid.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is inconsequential.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

Net Position and Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District’s fund balances is presented on the face of the fund financial statements.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consist of net position with “legally enforceable” constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

Unrestricted Net Position: All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

The government-wide Statement of Net Position reports \$17,471,953 of restricted net position related to grants, capital projects and debt service.

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the District’s highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the District considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the governmental fund financial statements, fund balance is classified and displayed in five components, as displayed below:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2024, the nonspendable fund balance of the District is comprised of inventory in the General and Food Services funds, \$87,306 and \$18,458, respectively, and prepaids in the Teacher Principal Training & Recruitment Fund of \$11,285, which are not in spendable form.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Those committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking formal action.

Assigned: Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District's Board of Education is required to assign amounts to be used for specific purposes. The District did have \$457,725 of fund balances as of June 30, 2024 for student activity funds.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

The District's policy is to apply restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net positions are available.

Inter-fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets and the net pension and OPEB liabilities (including the related components).

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Secretary of the Public Education Department. The District received \$28,762,508 in state equalization guarantee distributions during the year ended June 30, 2024.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$8,456,255 in tax revenues during the year ended June 30, 2024. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. San Juan County collects County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Secretary of the Public Education Department. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,269,572 in transportation distributions during the year ended June 30, 2024.

Instructional Materials: Section 22-15-5 NMSA 1978 creates the instructional material fund, a non-reverting fund used for the purchase of instructional materials. The fund is administered by PED and contains money appropriated by the Legislature through a categorical appropriation. The instructional material law provides parameters for how funds are to be distributed to school districts. Instructional Materials must align to New Mexico state standards. For fiscal year 2024, instructional materials funds flowed through the monthly SEG distributions

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During fiscal year 2024, the District did not receive special capital outlay funds.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The district received \$198,969 in SB-9 state match funds during the year end June 30, 2024.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program is operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Newly Adopted GASB Pronouncements

During the year ended June 30, 2024 the District adopted GASB Statement *No. 100 Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This newly adopted pronouncement does not have a significant impact on these financial statements.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP (Cash) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of the fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the below procedures. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be approved by the local board at an open board meeting and then will be integrated formally into the accounting system prior to July 1st. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAB.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the New Mexico Public Education Department.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAB.
8. Legal budgetary control for expenditures is at the function level.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Aztec Municipal School District No. 2 has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2024, is presented.

The appropriated budget for the year ended June 30, 2024, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (2,293,345)	\$ (2,873,267)
ARP, ESSER III	\$ -	\$ -

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

The District is required to balance its budgets each year. Accordingly, amounts in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2024.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2024, the District's deposits of \$3,193 were fully insured by FDIC insurance.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 3. Deposits and Investments (continued)

	<u>Citizen's Bank</u>	<u>Total</u>
Amount of deposits	\$ 3,193	\$ 3,193
FDIC Coverage	(3,193)	(3,193)
Less: Investments in US obligations	-	-
Total uninsured public funds	-	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	-
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (50% of uninsured funds)	\$ -	\$ -
Pledged Collateral	-	-
Over (Under) collateralized	\$ -	\$ -

Investments:

As of June 30, 2024, the District had the following short-term investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
Moreton Capital Markets - CDs	>1 year	\$ 1,035,369	N/A
Moreton Capital Markets - Fixed Income	<1 years	7,964,618	Aaa
		<u>\$ 8,999,987</u>	

**Based of Standard & Poor's rating

The District has presented Certificates of Deposit and money market accounts of \$1,035,369 as investments in the Statement of Net Position. As of June 30, 2024, the District also has \$7,964,618 in U.S. Governmental Fixed Income Securities which are considered cash and cash equivalents.

Interest Rate Risk—Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk—Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the District. Since the District only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the District. The U.S. Governmental Fixed Income Securities comprises 88.5% of the total investments and the certificate of deposits make up the other 11.5%.

Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 3. Deposits and Investments (continued)

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2024:

Total	Level 1	Level 2	Level 3
\$ 8,999,987	\$ 7,964,618	\$ 1,035,369	\$ -

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 3. Deposits and Investments (continued)**Investments: (continued)**

Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one hundred and two percent of the amount on deposit with the institution. The schedule listed below discloses requirements on reporting the insured portion of the District's repurchase agreements.

	<u>Citizen's Bank</u>	<u>Total</u>
Amount of repurchase agreements	\$ 10,425,973	\$ 10,425,973
FDIC Coverage	-	-
Less: Investments in US obligations	-	-
Total uninsured public funds	<u>10,425,973</u>	<u>10,425,973</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>10,425,973</u>	<u>10,425,973</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured funds)	\$ 10,634,492	\$ 10,634,492
Pledged Collateral	<u>10,947,382</u>	<u>10,947,382</u>
Over (Under) collateralized	<u>\$ 312,890</u>	<u>\$ 312,890</u>

Custodial credit risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its short-term investments or collateral securities that are in the possession of an outside party. Of the District's \$10,425,973 in repurchase agreements, the entire balance is uninsured and collateralized by collateral of underlying securities held by the investment's counterparty not in the name of the District. The District's policy related to short-term investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the District's repurchase agreements at June 30, 2024 was \$10,035,934; total amount of deposits of \$10,425,973 less outstanding items of \$390,039.

Interest Rate Risk for Investments. The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$ 4,789,663
Investments - Governmental Activities Exhibit A-1	8,999,987
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	<u>5,249,972</u>
Total cash and cash equivalents	19,039,622
Plus: reconciling items	390,039
Less Petty Cash	<u>(508)</u>
Bank balance of deposits/ repurchase agreements and investments	<u><u>\$ 19,429,153</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2024 are as follows:

	<u>General Fund</u>	<u>ARP, ESSER III</u>	<u>Capital Improvements SB-9 Local</u>	<u>Debt Service Fund</u>
Property taxes receivable	\$ 18,234	\$ -	\$ 89,215	\$ 227,811
Due from other governments:				
Federal sources	63,013	1,069,522	-	-
State sources	8,021	-	30,260	39,584
Other receivables:				
Miscellaneous	<u>25,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 115,120</u></u>	<u><u>\$ 1,069,522</u></u>	<u><u>\$ 119,475</u></u>	<u><u>\$ 267,395</u></u>
	<u>Ed Tech Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>	
Property taxes receivable	\$ 234,503	\$ -	\$ 569,763	
Due from other governments:				
Federal sources	-	1,032,956	2,165,491	
State sources	128,248	871,830	1,077,943	
Other receivables:				
Miscellaneous	<u>-</u>	<u>905</u>	<u>26,757</u>	
	<u><u>\$ 362,751</u></u>	<u><u>\$ 1,905,691</u></u>	<u><u>\$ 3,839,954</u></u>	

In accordance with GASB No. 33, property tax revenues in the amount of \$466,774, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2024 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Operational - 11000	ARP, ESSER III - 24330	\$ 1,062,303
Operational - 11000	Title I IASA - 24101	425,893
Operational - 11000	Entitlement IDEA-B - 24106	212,979
Operational - 11000	Preschool IDEA-B - 24109	14,740
Operational - 11000	Fresh Fruits & Vegetables - 24118	34,076
Operational - 11000	Charter Schools - 24146	2,022
Operational - 11000	English Language Acquisition - 24153	26
Operational - 11000	Teacher/Principal Training/Recruiting - 24154	22,303
Operational - 11000	Carl D Perkins - 24174	46,131
Operational - 11000	Carl D Perkins Redistribution - 24176	200
Operational - 11000	Student Supp Academic Achievement Title IV - 24189	18,509
Operational - 11000	Stronger Connections Grant Program - 24196	30,134
Operational - 11000	CARES Act - 24301	3,230
Operational - 11000	CARES Social, Emotional Learning - 24307	500
Operational - 11000	CARES ESSERS II - 24308	194
Operational - 11000	Homeless Emergency Rescue Fund - 24355	2,141
Operational - 11000	Johnson O'Malley - 25131	24,641
Operational - 11000	Native Youth Community Program - 25183	43,470
Operational - 11000	Indian Ed Formula Grant - 25184	35,633
Operational - 11000	2012 GO Bond Student Library - 27107	43,279
Operational - 11000	Structured Literacy and Early Literacy - 27114	22,496
Operational - 11000	Community Schools Implementation Grant - 27127	44,174
Operational - 11000	Pre-K Initiative - 27149	292,869
Operational - 11000	Indian Education Act - 27150	2,483
Operational - 11000	Career Technical Education Program Pilot - 27502	5,345
Operational - 11000	CTE State Wide Innovation Zones - 27552	193,976
Operational - 11000	Indian Education Act - 27901	17,412
Operational - 11000	Youth Conservation - 28133	1,756
Operational - 11000	New Mexico COVID Testing - 28211	3,858
	Total	<u><u>\$ 2,606,773</u></u>

All Interfund balances are expected to be paid within one year.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2024 is included below. Land and construction in progress are not subject to depreciation.

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2024</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 6,105,691	\$ -	\$ -	\$ 6,105,691
Total assets not depreciated	<u>6,105,691</u>	<u>-</u>	<u>-</u>	<u>6,105,691</u>
Capital assets depreciated				
Land Improvements	13,290,919	-	-	13,290,919
Buildings	95,488,063	363,374	-	95,851,437
Equipment and furniture	11,958,577	499,347	(15,000)	12,442,924
Total assets depreciated	<u>120,737,559</u>	<u>862,721</u>	<u>(15,000)</u>	<u>121,585,280</u>
Total assets	126,843,250	862,721	(15,000)	127,690,971
Less accumulated depreciation for:				
Land Improvements	8,193,652	565,233	-	8,758,885
Buildings	59,598,895	1,864,356	-	61,463,251
Equipment and furniture	9,568,577	363,192	(15,000)	9,916,769
Total accumulated depreciation	<u>77,361,124</u>	<u>2,792,781</u>	<u>(15,000)</u>	<u>80,138,905</u>
Governmental activities capital assets, net	<u><u>\$ 49,482,126</u></u>	<u><u>\$ (1,930,060)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,552,066</u></u>

Depreciation expense for the year ended June 30, 2024 was charged to governmental activities as follows:

Instruction	\$ 1,444,986
Support Services – Students	204,677
Support Services – Instruction	54,851
Support Services – General Administration	37,301
Support Services – School Administration	190,229
Central Services	126,034
Operations / Maintenance of Plant	487,854
Transportation Services	111,788
Other Support Services	132
Food Services	128,827
Community Services Operations	6,102
Total	<u><u>\$ 2,792,781</u></u>

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 7. Long-Term Debt*General Obligation Bonds:*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The District paid off its only outstanding general obligation bond during fiscal year 2024. The total principal payoff was \$12,200,000.

Lease Purchase Notes:

The District issues Education Technology General Obligation Lease Purchase Certificates of Participation (Lease Purchase Notes) under the terms of a lease-purchase agreement by and between the District and the New Mexico Public Schools Education Technology Assistance Foundation, LLC pursuant to the Education Technology Equipment Act, NMSA 1978, §§ 6-15A-1 to 6-15A-16 for the purchase of technology related equipment and improvements as allowed under this Act. All lease purchase notes are for governmental activities.

During the year ended June 30, 2024 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
General Obligation Bonds	\$ 12,200,000	\$ -	\$ 12,200,000	\$ -	\$ -
Lease Purchase Notes	-	1,709,000	1,709,000	-	-
Compensated Absences	160,602	13,657	9,037	165,222	-
Total long-term debt	<u>\$ 12,360,602</u>	<u>\$ 1,722,657</u>	<u>\$ 13,918,037</u>	<u>\$ 165,222</u>	<u>\$ -</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than general obligation bonds and lease purchase notes.

Compensated Absences – Twelve-month contract employees of the District are able to accrue a limited amount of general leave during the year. During fiscal year June 30, 2024, compensated absences increased \$4,620 over the prior year accrual. See Note 1 for more details.

NOTE 8. Risk Management

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 8. Risk Management (continued)

General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2024, there have been no claims that have exceeded insurance coverage. The District is in the process of attempting to recover costs associated with this event and this continues to be an ongoing matter.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A.** Deficit fund balance of individual funds: The District reported ten funds, listed below, that maintained a deficit fund balance at June 30, 2024.

Fund	Amount
ARP, ESSER III - 24330	\$ 5,700
Charter Schools - 24146	2,022
Carl D Perkins - 24174	6,078
Carl D Perkins Redistribution - 24176	200
CARES Act - 24301	3,333
CARES Social, Emotional Learning - 24307	500
Johnson O'Malley - 25131	12,810
Indian Education Act - 27150	1,500
Youth Conservation - 28133	1,830
New Mexico COVID Testing - 28211	3,858

- B.** Excess of expenditures over appropriations: The District did not exceed budget authority in any function within a fund for the year ended June 30, 2024.
- C.** Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2024.

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Pension Benefit – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25-20	2.35%
20.25-30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal earning for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility –

Tier 1: Membership prior to July 1, 2010

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on, or after, July 1, 2010 but before July 1, 2013—or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member’s age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Tier 3: Membership beginning on or after July 1, 2013

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013 — or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. (Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Tier 4: Membership beginning on or after July 1, 2019

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Forms of Payment – The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability Benefit – An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for Cola
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2024 and 2023 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2024	7-1-23 to 6-30-24	Over \$24K	10.70%	18.15%	28.85%	1.00%
2024	7-1-23 to 6-30-24	\$24K or less	7.90%	18.15%	26.05%	1.00%
2023	7-1-22 to 6-30-23	Over \$24K	10.70%	17.15%	27.85%	2.00%
2023	7-1-22 to 6-30-23	\$24K or less	7.90%	17.15%	25.05%	2.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2024 and 2023, the District paid employer contributions of \$3,619,761 and \$3,291,616, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the District reported a liability of \$43,153,081 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2023, actuarially determined. At June 30, 2023, the District's proportion was 0.49691% percent, which was an decrease of 0.000510% percent from its proportion measured as of June 30, 2022.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

For the year ended June 30, 2024, the District recognized pension income of \$6,021,449. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,223,148	\$ 390,183
Net difference between expected and actual investments on pension plan investments	-	270,333
Changes of assumptions	-	6,403,811
Changes in proportion	107,494	589,060
District's contributions subsequent to the measurement date	<u>3,619,761</u>	<u>-</u>
Total	<u>\$ 4,950,403</u>	<u>\$ 7,653,387</u>

\$3,619,761 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (6,649,747)
2026	(1,310,245)
2027	1,597,098
2028	40,149
2029	-
Thereafter	-

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	Composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus step-rate promotional increase for less than 15 years of service.
Investment Rate of Return	7.00%

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Mortality

Healthy Males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Healthy females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividend, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	24%	
Fixed Income	23%	
Alternatives	52%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 10. Pension Plan – Educational Retirement Board (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	<u>\$ 58,662,944</u>	<u>\$ 43,153,081</u>	<u>\$ 30,340,108</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NMERB's financial reports. The reports can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. The District did not have a payable balance at June 30, 2024.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Employees covered by benefit terms – At June 30, 2023, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefit	12,552
Current active members	<u>93,595</u>
	<u>159,125</u>
Active membership	
State general	18,462
State police and corrections	1,260
Municipal general	17,283
Municipal police	3,169
Municipal fire	2,419
Educational Retirement Board	<u>51,002</u>
	<u>93,595</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$395,641 for the year ended June 30, 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District reported a liability of \$5,653,272 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2023. At June 30, 2023, the District’s proportion was 0.33197 percent.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

For the year ended June 30, 2024, the District recognized OPEB income of \$1,650,533. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 95,569	\$ 1,023,527
Net difference between expected and actual investments on OPEB plan investments	120,875	-
Changes of assumptions	1,087,953	5,332,929
Changes in proportion	310,787	263,038
District's contributions subsequent to the measurement	<u>395,641</u>	<u>-</u>
Total	<u>\$ 2,010,825</u>	<u>\$ 6,619,494</u>

Deferred outflows of resources totaling \$395,641 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$ (1,456,337)
2026	(970,758)
2027	(1,340,579)
2028	(951,997)
2029	(284,639)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Validation date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB; 2.50% for PERA members
Projected payroll increases	3.00% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	1.6%
U.S. equity - large cap	6.9%
Non U.S. - emerging markets	8.7%
Non U.S. - developed equities	7.2%
Private equity	10.0%
Credit and structured finance	3.7%
Real estate	3.6%
Absolute return	3.2%
U.S. equity - small/mid cap	6.9%

Discount Rate. The discount rate used to measure the total OPEB liability is 6.22% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Authority's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 6.22% is the blended discount rate.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability, calculated using the discount rate of 6.22% as of June 30, 2023, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease (5.22%)	Current Discount Rate 6.22%	1% Increase (7.22%)
District's proportionate share of the net OPEB liability	<u>\$ 7,127,381</u>	<u>\$ 5,653,272</u>	<u>\$ 4,458,368</u>

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend Rate Sensitivity Analysis		
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	<u>\$ 4,680,335</u>	<u>\$ 5,653,272</u>	<u>\$ 6,770,662</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2023.

Payable to the OPEB Plan. The District did not have a payable balance at June 30, 2024.

NOTE 12. Subscription-Based Information Technology Arrangement Obligations

During fiscal year 2023 the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements. The District reported twenty-two IT subscriptions recorded as Subscription-Based Information Technology Arrangements (SBITA) obligations as of June 30, 2024. However, after further analysis of these arrangements, none of them met the criteria of a SBITA and the book value of \$164,756 of these previously reported right of use assets have been removed as of and for the year ended June 30, 2024.

A summary of the right to use the assets and changes occurring during the year ended June 30, 2024 follows:

	Balance June 30, 2023	Additions	Dispositions	Balance June 30, 2024
Right of Use Asset				
Subscription Based IT Software	<u>\$ 2,185,986</u>	<u>\$ -</u>	<u>\$ 2,185,986</u>	<u>\$ -</u>
Total right of use asset	<u>2,185,986</u>	<u>-</u>	<u>2,185,986</u>	<u>-</u>
Less accumulated amortization for:				
Subscription Based IT Software	<u>283,979</u>	<u>-</u>	<u>283,979</u>	<u>-</u>
Total accumulated amortization	<u>283,979</u>	<u>-</u>	<u>283,979</u>	<u>-</u>
Right of use asset, net	<u>\$ 1,902,007</u>	<u>\$ -</u>	<u>\$ 1,902,007</u>	<u>\$ -</u>

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 13. Construction and Other Significant Commitments

The District has committed to pay for several construction contracts that were not completed at June 30, 2024 in the amount of \$939,000 as follows:

Contract	Year Ending	Amount
Track and playground installations at Fred Cook Stadium and elementary sites	2024	\$ 542,000
Gate openers at the highschool	2024	41,000
Fire alarm upgrades at our elementary schools	2024	244,000
Pump house repairs at Fred Cook Stadium	2024	28,000
Maintenance building repairs	2024	29,000
Fencing project at the high school	2024	55,000
Total Outstanding Commitments		<u>\$ 939,000</u>

NOTE 14. Concentrations

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2024, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 11, 2024. There are no disclosures that are necessary related to subsequent events in these financial statements.

NOTE 16. Tax Abatements

In accordance with GASB Statement No. 77, the District is required to disclose information on certain tax abatement agreements affecting the District. A tax abatement is created when a government enters into an agreement with an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Accordingly, the District did not have any tax abatements during the year ended June 30, 2024.

Aztec Municipal School District No. 2

Notes to Financial Statements

June 30, 2024

NOTE 17. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 18. Subsequent Pronouncements

In June 2024, GASB Statement No. 101 Compensated Absences, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. The District does not expect this pronouncement to have a material effect on the financial statements.

In December 2023, GASB Statement No. 102 Certain Risk Disclosures, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2024. The District does not expect this pronouncement to have a material effect on the financial statements.

In April 2024, GASB Statement No. 103 Financial Reporting Model Improvements, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The District does not expect this pronouncement to have a material effect on the financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 1. Financial Reporting Entity- Mosaic Academy Charter School

Aztec Municipal School District No. 2 has determined that Mosaic Academy Charter School (Charter School) is a major component unit of the District under Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity and GASB Statement No.39, Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No.61, The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No.34. Since the Charter School relies on its charter from the District and the Charter School share certain financial benefits with the District, in the case of revenue being passed through the District, to possible financial burdens, such as possibility being liable for operating deficits, a financial benefit/burden exists. The charter school's approximate enrollment is 180 students.

Governmental funds are used to account for the Charter School's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

Special Revenue Funds are used to account for the proceeds of specific revenue sources- which are legally restricted to expenditures for specified purposes. Special revenue fund codes are organized into the broad categories designated by the first two digits in the five-digit fund number as follows: 21000- Student Nutrition, 22000- Athletic Event Gate Receipts, 23000- Non-Instructional Support, 24000- Federal Flow-through Grants, 25000- Federal Direct Grants, 26000- Local Grants, 27000- State Flow-through Grants, 28000- State Direct Grants, 29000- Combined Local/State Grants.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP (Cash) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of the fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

The budgetary information presented in these financial statements has been amended in accordance with the below procedures. The Charter School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the Charter School shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the Charter School for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be approved by the local board at an open board meeting and then will be integrated formally into the accounting system prior to July 1st. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The Charter School shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAB.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the Charter School and approved by the SBFAB.
8. Legal budgetary control for expenditures is at the function level.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of the Charter School has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2024, is presented.

The appropriated budget for the year ended June 30, 2024, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (277,819)	\$ (311,742)

The Charter School is required to balance its budgets each year. Accordingly, amounts in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The Charter School budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the Charter School's accrued payroll which is presented on the accrual basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the Charter School's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Charter School properly followed State investment requirements as of June 30, 2024.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Charter School. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 3. Deposits and Investments (continued)

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Charter School or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the Charter School's deposits may not be returned to it. The Charter School does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2024, \$574,376 of the Charter School's deposits of \$824,376 was exposed to custodial credit risk. All of the \$574,376 was insured and collateralized by collateral held by the pledging bank's trust department, not in the Charter School's name. As of June 30, 2024, the carrying amount of these deposits was \$767,934; total amount of deposits of \$824,376 less outstanding items of \$56,442. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Charter School for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Four Corners Community Bank
Amount of deposits	\$ 824,376
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>574,376</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>574,376</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 287,188
Pledged Collateral	<u>1,481,712</u>
Over (Under) collateralized	<u>\$ 1,194,524</u>

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Funds	<u>\$ 767,934</u>
Total cash and cash equivalents	767,934
Plus: reconciling items	<u>56,442</u>
Bank balance of deposits/ repurchase agreements	<u><u>\$ 824,376</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2024 are as follows:

	<u>REC/District Fiscal Agent</u>	<u>Emergency Connectivity</u>	<u>Libraries GO Bond 2012</u>
Property and oil and gas taxes	\$ -	\$ -	\$ -
Due from other governments:			
State sources	<u>56,374</u>	<u>599</u>	<u>4,553</u>
	<u><u>\$ 56,374</u></u>	<u><u>\$ 599</u></u>	<u><u>\$ 4,553</u></u>
	<u>Capital Improvements SB-9 Local</u>	<u>Total</u>	
Property and oil and gas taxes	\$ 726	\$ 726	
Due from other governments:			
State sources	<u>-</u>	<u>61,526</u>	
	<u><u>\$ 726</u></u>	<u><u>\$ 62,252</u></u>	

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 5. Interfund Receivables, Payables, and Transfers

The Charter School had the following net operating transfers for the year ended June 30, 2024:

<u>Transfers to Other Funds</u>	<u>Transfer from Other Funds</u>	<u>Amount</u>
Operational - 11000	Capital Improvements SB-9	\$ 1,604
Title I- 24101	Operational - 11000	515
		<u>\$ 2,119</u>

The Charter School records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2024 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Operational - 11000	REC/District Fiscal Agent- 26107	\$ 56,606
Operational - 11000	Emergency Connectivity	577
Operational - 11000	Libraries GO Bond	3,772
Operational - 11000	NM Econ Dev Dept - 28210	1
	Total	<u>\$ 60,956</u>

All Interfund balances are expected to be paid within one year.

NOTE 6. Risk Management

The Charter School is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Charter School pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building.

General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the Charter School, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2024, there have been no claims that have exceeded insurance coverage. The Charter School is in the process of attempting to recover costs associated with this event and this continues to be an ongoing matter.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 7. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A.** Deficit fund balance of individual funds: The Charter School reported the below funds that maintained a deficit fund balance at June 30, 2024.

Title I-24101	\$ 515
REC/District Fiscal Agent	232
	<u>\$ 747</u>

- B.** Excess of expenditures over appropriations: The Charter School did not exceed budget authority in any function within a fund for the year ended June 30, 2024.

- C.** Designated cash appropriations in excess of available balance: No funds of the Charter School exceeded the budgeted cash appropriations for the year ended June 30, 2024.

NOTE 8. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 8. Pension Plan – Educational Retirement Board (continued)

Pension Benefit – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25-20	2.35%
20.25-30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal earning for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility –

Tier 1: Membership prior to July 1, 2010

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on, or after, July 1, 2010 but before July 1, 2013—or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member’s age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 8. Pension Plan – Educational Retirement Board (continued)

Tier 3: Membership beginning on or after July 1, 2013

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013 — or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. (Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Tier 4: Membership beginning on or after July 1, 2019

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Forms of Payment – The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 8. Pension Plan – Educational Retirement Board (continued)

- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability Benefit – An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for Cola
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

Mosaic Academy Charter School
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Notes to Financial Statements
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NOTE 8. Pension Plan – Educational Retirement Board (continued)

- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2024 and 2023 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2024	7-1-23 to 6-30-24	Over \$24K	10.70%	18.15%	28.85%	1.00%
2024	7-1-23 to 6-30-24	\$24K or less	7.90%	18.15%	26.05%	1.00%
2023	7-1-22 to 6-30-23	Over \$24K	10.70%	15.15%	27.85%	2.00%
2023	7-1-22 to 6-30-23	\$24K or less	7.90%	15.15%	25.05%	2.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2024 and 2023, the Charter School paid employer contributions of \$250,620 and \$208,343, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the Charter School reported a liability of \$2,724,260 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2023, actuarially determined. At June 30, 2023, the Charter School's proportion was 0.03137% percent, which was an decrease of 0.01208% percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Charter School recognized pension income of \$233,096. At June 30, 2024, Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Mosaic Academy Charter School
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Notes to Financial Statements
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NOTE 8. Pension Plan – Educational Retirement Board (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 77,217	\$ 24,632
Net difference between expected and actual investments on pension plan investments	-	17,066
Changes of assumptions	-	404,273
Changes in proportion	237,296	41,826
District's contributions subsequent to the measurement date	<u>250,620</u>	<u>-</u>
Total	<u>\$ 565,133</u>	<u>\$ 487,797</u>

\$250,620 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (312,537)
2026	8,826
2027	127,892
2028	2,535
2029	-
Thereafter	-

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	Composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus step-rate promotional increase for less than 15 years of service.
Investment Rate of Return	7.00%

Mosaic Academy Charter School
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NOTE 8. Pension Plan – Educational Retirement Board (continued)

Mortality

Healthy Males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Healthy females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividend, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	24%	
Fixed Income	23%	
Alternatives	52%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

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Notes to Financial Statements
June 30, 2024

NOTE 8. Pension Plan – Educational Retirement Board (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	\$ 3,703,400	\$ 2,724,260	\$ 1,915,375

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NMERB's financial reports. The reports can be found on NMERB's Web site at https://www.nmerb.nm.gov/annual_reports.html.

Payables to the pension plan. At June 30, 2024, the Charter School owed the ERB \$0 for the contributions withheld in the month of June 2024.

NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

Plan description. Employees of the Charter School are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

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Notes to Financial Statements
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NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Employees covered by benefit terms – At June 30, 2023, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefit	12,552
Current active members	<u>93,595</u>
	<u>159,125</u>
Active membership	
State general	18,462
State police and corrections	1,260
Municipal general	17,283
Municipal police	3,169
Municipal fire	2,419
Educational Retirement Board	<u>51,002</u>
	<u>93,595</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Charter School were \$41,425 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Charter School reported a liability of \$360,487 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. The Charter School’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2023. At June 30, 2023, the Charter School’s proportion was .02117 percent.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Financial Statements
June 30, 2024

NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)

For the year ended June 30, 2024, the Charter School recognized OPEB income of \$77,731. At June 30, 2024 the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,094	\$ 65,266
Net difference between expected and actual investments on OPEB plan investments	7,708	-
Changes of assumptions	69,375	340,060
Changes in proportion	109,117	22,342
Charter School's contributions subsequent to the	<u>27,617</u>	<u>-</u>
Total	<u>\$ 219,911</u>	<u>\$ 427,668</u>

Deferred outflows of resources totaling \$27,617 represent Charter School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$ (73,774)
2026	(37,724)
2027	(66,476)
2028	(49,272)
2029	(8,128)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Validation date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB; 2.50% for PERA members
Projected payroll increases	3.00% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation

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Notes to Financial Statements
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NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	1.6%
U.S. equity - large cap	6.9%
Non U.S. - emerging markets	8.7%
Non U.S. - developed equities	7.2%
Private equity	10.0%
Credit and structured finance	3.7%
Real estate	3.6%
Absolute return	3.2%
U.S. equity - small/mid cap	6.9%

Discount Rate. The discount rate used to measure the total OPEB liability is 6.22% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Authority's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 6.22% is the blended discount rate.

Mosaic Academy Charter School
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NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability, calculated using the discount rate of 6.22% as of June 30, 2023, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease (5.22%)	Current Discount Rate (6.22%)	1% Increase (7.22%)
Charter School's proportionate share of the net OPEB liability	\$ 454,485	\$ 360,487	\$ 284,293

The following presents the net OPEB liability of the Charter School, as well as what the Charter School's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend Rate Sensitivity Analysis		
	1% Decrease	Current Trend Rate	1% Increase
Charter School's proportionate share of the net OPEB liability	\$ 298,447	\$ 360,487	\$ 431,739

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2023.

Payable to the OPEB Plan. At June 30, 2024, the Charter School reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2024.

NOTE 10. Right of Use Asset and Liability

During fiscal year 2022 the Charter School implemented GASB Statement 87, Leases and the Charter School has long term agreements for the use of building and land to be used for classroom and administration which began on August, 2022 and will continue through fiscal year 2047. These leases are paid monthly with payments ranging of 17,500 with an interest rate of 6.44%. The agreement provides for the purchase of the assets at the end of the lease and does not provide for an extension of the agreement

A summary of the right to use the assets and changes occurring during the year ended June 30, 2024 follows:

	Balance June 30, 2023	Additions	Dispositions	Balance June 30, 2024
Right of Use Asset				
Building and Land	\$ 3,075,551	\$ -	\$ -	\$ 3,075,551
Total right of use asset	3,075,551	-	-	3,075,551
Less accumulated amortization for:				
Building	103,451	88,699	(455,314)	647,464
Total accumulated amortization	103,451	88,699	(455,314)	647,464
Right of use asset, net	\$ 2,972,100	\$ (88,699)	\$ 455,314	\$ 2,428,087

Mosaic Academy Charter School
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NOTE 10. Right of Use Asset and Liability (continued)

During the year ended June 30, 2024, the following changes occurred in the lease liability related to the right of use assets reported above in the government-wide statement of net position:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Lease liability	\$ 2,597,023	\$ -	\$ 59,029	\$ 2,537,994	\$ 49,113
	<u>\$ 2,597,023</u>	<u>\$ -</u>	<u>\$ 59,029</u>	<u>\$ 2,537,994</u>	<u>\$ 49,113</u>

The annual requirements to amortize the lease as of June 30, 2024, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2025	\$ 49,113	\$ 160,887	\$ 210,000
2026	52,371	157,629	210,000
2027	55,845	154,155	210,000
2028	59,549	150,451	210,000
2029	63,500	146,500	210,000
2030-2034	386,557	663,443	1,050,000
2035-2039	532,944	517,056	1,050,000
2040-2044	734,769	315,231	1,050,000
2045-2047	603,346	61,654	665,000
	<u>\$ 2,537,994</u>	<u>\$ 2,327,006</u>	<u>\$ 630,000</u>

During fiscal year 2023 the Charter School implemented GASB Statement 96, Subscription-Based Information Technology Arrangements. The District reported IT subscriptions recorded as Subscription-Based Information Technology Arrangements (SBITA) obligations as of June 30, 2024. However, after further analysis of these arrangements, none of them met the criteria of a SBITA and the book value of \$5,231 of these previously reported right of use assets have been removed as of and for the year ended June 30, 2024.

NOTE 11. Construction and Other Significant Commitments

The Charter School does not have any significant commitments as of June 30, 2024.

NOTE 12. Concentrations

The Charter School depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2024, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 11, 2024, and there are none.

Mosaic Academy Charter School
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Notes to Financial Statements
June 30, 2024

NOTE 14. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

The Charter School is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Charter School's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Charter School.

NOTE 15. Subsequent Pronouncements

In June 2023, GASB Statement No. 101 Compensated Absences, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. The Charter School does not expect this pronouncement to have a material effect on the financial statements.

In December 2023, GASB Statement No. 102 Certain Risk Disclosures, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2024. The Charter School does not expect this pronouncement to have a material effect on the financial statements.

In April 2024, GASB Statement No. 103 Financial Reporting Model Improvements, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The Charter School does not expect this pronouncement to have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Aztec Municipal School District No. 2
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years

	2024 Measurement Date (As of and for the Year Ended June 30, 2023)	2023 Measurement Date (As of and for the Year Ended June 30, 2022)
Aztec Municipal School District No. 2 proportion of the net pension liability (asset)	0.49691%	0.49742%
Aztec Municipal School District No. 2 proportionate share of the net pension liability (asset)	\$ 43,153,081	\$ 41,891,277
Aztec Municipal School District No. 2 covered-payroll	19,201,319	16,857,479
Aztec Municipal School District No. 2 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	225%	249%
Plan fiduciary net position as a percentage of the total pension liability	65.19%	64.87%
	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)
Aztec Municipal School District No. 2 proportion of the net pension liability (asset)	0.51644%	0.52870%
Aztec Municipal School District No. 2 proportionate share of the net pension liability (asset)	\$ 37,165,261	\$ 34,241,716
Aztec Municipal School District No. 2 covered-payroll	15,025,698	14,285,439
Aztec Municipal School District No. 2 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	247%	240%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%

See independent auditors' report.
See notes to required supplementary information.

2022 Measurement Date (As of and for the Year Ended June 30, 2021)	2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
0.50921%	0.50830%	0.49711%	0.50986%	0.52251%
\$ 36,090,089	\$ 101,497,656	\$ 37,667,528	\$ 60,629,140	\$ 58,068,983
16,306,184	15,988,780	14,515,647	14,249,245	15,478,050
221%	635%	259%	425%	375%
69.77%	39.11%	64.13%	52.17%	52.95%
2015 Measurement Date (As of and for the Year Ended June 30, 2014)				
0.51840%				
\$ 29,577,358				
13,517,561				
219%				
66.54%				

See independent auditors' report.
See notes to required supplementary information.

Aztec Municipal School District No. 2
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2024	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 3,619,761	\$ 3,293,027	\$ 2,554,314
Contributions in relation to the contractually required contribution	<u>3,619,761</u>	<u>3,293,027</u>	<u>2,554,314</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Aztec Municipal School District No. 2's covered-payroll	 19,943,392	 19,201,319	 16,857,479
 Contribution as a percentage of covered payroll	 18.15%	 17.15%	 15.15%
	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015	
Contractually required contribution	\$ 2,088,572	\$ 1,878,535	
Contributions in relation to the contractually required	<u>2,088,572</u>	<u>1,985,676</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (107,141)</u>	
 Aztec Municipal School District No. 2's covered-	 15,025,698	 14,285,439	
Contribution as a percentage of covered payroll	13.90%	13.90%	

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
\$ 2,307,325	\$ 2,222,440	\$ 2,017,675	\$ 1,980,645	\$ 2,151,449
<u>2,307,325</u>	<u>2,260,284</u>	<u>2,017,675</u>	<u>1,980,645</u>	<u>2,151,449</u>
<u>\$ -</u>	<u>\$ (37,844)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
16,306,184	15,988,780	14,515,647	14,249,245	15,478,050
14.15%	14.14%	13.90%	13.90%	13.90%

See independent auditors' report.
See notes to required supplementary information.

Aztec Municipal School District No. 2
Notes to Required Supplementary Information
June 30, 2024

Changes in benefit provisions. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

See independent auditors' report.

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Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years

	2024 Measurement Date (As of and for the Year Ended June 30, 2023)	2023 Measurement Date (As of and for the Year Ended June 30, 2022)
Mosaic Academy Charter School proportion of the net pension liability (asset)	0.03137%	0.02878%
Mosaic Academy Charter School proportionate share of the net pension liability (asset)	\$ 2,724,260	\$ 2,423,769
Mosaic Academy Charter School covered-payroll	1,293,985	975,479
Mosaic Academy Charter School proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	211%	248%
Plan fiduciary net position as a percentage of the total pension liability	65.19%	64.87%
	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)
Mosaic Academy Charter School proportion of the net pension liability (asset)	0.03023%	0.02922%
Mosaic Academy Charter School proportionate share of the net pension liability (asset)	\$ 2,175,482	\$ 1,892,657
Mosaic Academy Charter School covered-payroll	863,252	830,698
Mosaic Academy Charter School proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	252%	228%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%

See independent auditors' report.
See notes to required supplementary information.

2022 Measurement Date (As of and for the Year Ended June 30, 2021)	2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
0.02968%	0.02764%	0.02652%	0.02869%	0.02708%
\$ 2,103,560	\$ 5,601,492	\$ 2,009,501	\$ 3,411,623	\$ 3,009,527
951,623	885,702	770,086	801,734	770,331
221%	632%	261%	426%	391%
69.77%	39.11%	64.13%	52.17%	52.95%
2015 Measurement Date (As of and for the Year Ended June 30, 2014)				
0.02894%				
\$ 1,651,229				
754,532				
219%				
66.54%				

See independent auditors' report.
See notes to required supplementary information.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2024	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 250,620	\$ 221,918	\$ 147,766
Contributions in relation to the contractually required contribution	<u>250,620</u>	<u>221,918</u>	<u>147,766</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Mosaic Academy Charter School's covered-payroll	1,380,822	1,293,985	975,479
Contribution as a percentage of covered payroll	18.15%	17.15%	15.15%
	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015	
Contractually required contribution	\$ 119,992	\$ 109,237	
Contributions in relation to the contractually required	<u>119,992</u>	<u>115,467</u>	
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ (6,230)</u></u>	
Mosaic Academy Charter School's covered-payroll	863,252	830,698	
Contribution as a percentage of covered payroll	13.90%	13.90%	

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
\$ 134,655	\$ 123,113	\$ 107,042	\$ 111,441	\$ 107,076
<u>134,655</u>	<u>125,953</u>	<u>107,042</u>	<u>111,441</u>	<u>107,076</u>
<u>\$ -</u>	<u>\$ (2,840)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
951,623	885,702	770,086	801,734	770,331
14.15%	14.22%	13.90%	13.90%	13.90%

See independent auditors' report.
See notes to required supplementary information.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Notes to Required Supplementary Information
June 30, 2024

Changes in benefit provisions. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

See independent auditors' report.

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Aztec Municipal School District No. 2
Schedule of Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	2024 Measurement Date (As of and for the Year Ended June 30, 2023)	2023 Measurement Date (As of and for the Year Ended June 30, 2022)	2022 Measurement Date (As of and for the Year Ended June 30, 2021)
Aztec Municipal School District No. 2's proportion of the net OPEB liability (asset)	0.33197%	0.33693%	0.32964%
Aztec Municipal School District No. 2's proportionate share of the net OPEB liability (asset)	\$ 5,653,272	\$ 7,610,981	\$ 11,086,176
Aztec Municipal School District No. 2's covered payroll	19,012,446	16,723,545	16,271,133
Aztec Municipal School District No. 2's proportionate share of the net OPEB liability as a percentage of its covered payroll	30%	46%	68%
Plan fiduciary net position as a percentage of the total OPEB liability	44.16%	33.33%	25.39%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Aztec Municipal School District No. 2 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
0.32964%	0.32676%	0.33325%	0.34586%
\$ 13,841,280	\$ 10,594,829	\$ 14,490,892	\$ 15,673,244
15,973,515	14,461,750	14,230,050	14,847,400
87%	73%	102%	106%
16.50%	18.92%	13.14%	11.34%

See independent auditors' report.
See notes to required supplementary information.

Aztec Municipal School District No. 2
Schedule of Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2024	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 395,641	\$ 380,249	\$ 334,472
Contributions in relation to the contractually required contribution	<u>395,641</u>	<u>380,249</u>	<u>334,472</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Aztec Municipal School District No. 2's covered payroll	 19,782,138	 19,012,446	 16,723,545
 Contribution as a percentage of covered payroll	 2.00%	 2.00%	 2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Aztec Municipal School District No. 2 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

In the total OPEB liability measured as of June 30, 2023, changes in assumptions include adjustments resulting from an increase in the discount rate from 5.42% to 6.22%.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
\$ 324,060	\$ 319,470	\$ 289,235	\$ 284,601
<u>325,423</u>	<u>318,107</u>	<u>289,235</u>	<u>284,601</u>
<u><u>\$ (1,363)</u></u>	<u><u>\$ 1,363</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
16,271,133	15,973,515	14,461,750	14,230,050
2.00%	1.99%	2.00%	2.00%

See independent auditors' report.
See notes to required supplementary information.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Schedule of Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	2024 Measurement Date (As of and for the Year Ended June 30, 2023)	2023 Measurement Date (As of and for the Year Ended June 30, 2022)	2022 Measurement Date (As of and for the Year Ended June 30, 2021)
Mosaic Academy Charter School's proportion of the net OPEB liability (asset)	0.02117%	0.01922%	0.01972%
Mosaic Academy Charter School's proportionate share of the net OPEB liability (asset)	\$ 360,487	\$ 444,229	\$ 648,857
Mosaic Academy Charter School's covered payroll	1,212,360	976,117	952,518
Mosaic Academy Charter School's proportionate share of the net OPEB liability as a percentage of its covered payroll	30%	46%	68%
Plan fiduciary net position as a percentage of the total OPEB liability	44.16%	33.33%	25.39%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Mosaic Academy Charter School is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
0.01830%	0.01752%	0.01877%	0.01796%
\$ 768,400	\$ 568,067	\$ 816,186	\$ 813,888
885,702	775,300	801,300	771,050
87%	73%	102%	106%
16.50%	18.92%	13.14%	11.34%

See independent auditors' report.
See notes to required supplementary information.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Schedule of Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2024	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 27,617	\$ 24,247	\$ 19,522
Contributions in relation to the contractually required contribution	<u>27,617</u>	<u>24,297</u>	<u>19,522</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ (50)</u></u>	<u><u>\$ -</u></u>
Mosaic Academy Charter School's covered payroll	1,380,822	1,212,360	976,117
Contribution as a percentage of covered payroll	2.00%	2.00%	2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Mosaic Academy Charter School is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

In the total OPEB liability measured as of June 30, 2023, changes in assumptions include adjustments resulting from an increase in the discount rate from 5.42% to 6.22%.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
\$ 19,050	\$ 17,503	\$ 15,506	\$ 16,026
<u>19,050</u>	<u>17,503</u>	<u>15,506</u>	<u>16,026</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
952,518	885,702	775,300	801,300
2.00%	1.98%	2.00%	2.00%

See independent auditors' report.
See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Special Revenue Funds

Student Nutrition Program (21000) – This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act.

Universal Free Meals (21100) – This award is based upon reimbursable meal counts and claims are automatically generated in the Student Nutrition Portal.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Title I (24101) – To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C.6301 et seq.

Entitlement IDEA-B (24106) – To account for a program funded by a federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

New Mexico Autism Project (24108) – The purpose of this fund is to support the implementation of the NMAP's researched based model to improve outcomes for students with autism spectrum disorders (ASD). The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C 1711-1417 and 1420. Authority for creation of this fund is New Mexico State Autism Spectrum Disorder Project.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

Fresh Fruits & Vegetables (24118) – These funds are awarded through the USDA Fresh Fruit and Vegetable Program for School Food Authority (SFA) Elementary School Sites to offer nutritious fresh fruit and vegetables to students in the classroom.

Charter Schools (24146) – Federal flow through funding geared towards promoting the setup, continuation, and thriving of charter schools.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authorized by the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, Title III (Public Law 107-110).

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title II, Part A, Sec. 2101-2151 (Public Law 107-110).

Carl D. Perkins (Secondary – Current - 24174) (Secondary Redistribution - 24176) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998 (Public Law 105-332).

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Special Revenue Funds

USDA 2010 Equipment Assistance Program (24183) – The purpose of the school food equipment fund is to purchase equipment that improves the quality of school meals, improves the safety of food served in the school meal program, improves the overall efficiency of the school food operations, aids in strategies for a smarter lunchroom, and for the improvement or expansion of participation in the National School Lunch Program and/or School Breakfast Program.

Student Support Academic Achievement Title IV (24189) – This fund is a sub-award for funding through the Student Support and Academic Enrichment Program. This sub-award supports well-rounded educational opportunities, safe and healthy students and effective use of technology. Assistance Listing Number-84.424A

Stronger Connections Grant (SCG) Program (24196) – These federal funds will support school districts with implementing district-wide emergency response/communications systems. Federal funding from the Bipartisan Safe Communities Act (BSCA) was passed as an important step toward reducing the risk of gun violence in our school and communities and in helping support the mental health and well-being of our school systems. The grant's intent is to establish safe and healthier learning environments and to prevent and respond to acts of bullying, violence, and hate that impact our school communities at individual and systemic levels, among other programs and activities.

CARES Act (24301) –The ESSER fund is a highly flexible federal program designed to provide local education agencies (LEAs) with funding to meet a diverse array of educational and COVID response related needs. Bylaw, awards from the ESSER fund are based on LEAs' proportional share of final 2019-2020 Title I, part A allocations received. Authorization: The Coronavirus Aid, Relief and Economic Security Act (CARES Act), 116–136.

GEERF (24305) – Governor's Emergency Education Relief fund to provide internet access for students without access at home. Authorization: Governor's Emergency Education Relief fund component of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), 116–136.

CARES Social, Emotional Learning (24307) – The objective of this grant was to address the needs of educators through social emotional learning (SEL). Authorization: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and Elementary and Secondary School Education Relief fund (ESSER II SEA Reserve).

CARES ESSERS II (24308) – To provide local education agencies with funding to safely reopen schools, measure, and effectively address significant learning loss, and to mitigate the impact of Covid-19. LEAs must expand all ESSER (24301) funds and submit the associated request for reimbursement before expending any of the ESSER II (24308) funds. Authorization: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and Elementary and Secondary School Education Relief fund (ESSER II SEA Reserve).

IDEA American Rescue Plan Act of 2021 (24346) – Funding under this award must be used in compliance with the applicable provisions of IDEA B, as follows:

- only to pay the excess costs of providing special education and related services to children with disabilities.
- to supplement state, local and other federal funds and not to supplant such funds; and
- not to reduce a Local Educational Agency's (LEA) Maintenance of Effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205 [20 U.S.C. 1413(a)(2)(A), 34 CFR § 300.202]. 84.027X IDEA Act / American Rescue Plan Act of 2021 Federal Award Identification Number (FAIN) H027X210078

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Special Revenue Funds

IDEA American Rescue Plan Act of 2021 Preschool (24349) Funding under this award must be used in compliance with the applicable provisions of IDEA B, as follows:

- only to pay the excess costs of providing special education and related services to children with disabilities.
- to supplement state, local and other federal funds and not to supplant such funds; and
- not to reduce a Local Educational Agency's (LEA) Maintenance of Effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205 [20 U.S.C. 1413(a)(2)(A), 34 CFR § 300.202]. 84.027X IDEA Act / American Rescue Plan Act of 2021.

Homeless Emergency Rescue Fund (24355) – Must be used to address the impact that the Novel Coronavirus Disease 2019 has had and continues to have on Elementary and Secondary Schools. Assistance Listing Number- 84.425W

Johnson O'Malley (25131) – The Johnson O'Malley Project provides supplemental programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. Funding is provided by the Department of the Interior Bureau of Indian Affairs, through the Navajo Tribe, under the Johnson O'Malley act of April 16, 1934; as amended 25 U.S.C. 452, public law 93-638; 25 U.S.C. 455-457.

Native Youth Community Program (25183) – Maximizing the impact of career-connected learning for native youth. PL space 107-110 VII ESEA as amended by No Child Left Behind Act of 2021.

Indian Ed Formula Grant (25184) – To account for a program funded by a federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special education and culturally related academic needs of Indian children, for example: to improve academic performance, reduce school dropout rates and improve attendance and integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian education act of 1988, Title V, part C, subpart 1, as amended, public law 100-297 and 93-638, U.S.C. 2601-2606.

Burlington Res/Meridian Oil Foundation (26150) – To account for funds received from Burlington and Meridian oil foundation, supporting education programs and activities. Authority for creation of this fund from the New Mexico Public Education Department.

Conoco/Phillips School Grant (26200) – To account for funds received from ConocoPhillips supporting education programs and activities. Authority for creation of this fund from the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

Instructional Materials Special Appropriation (27109) – Accounts for the special 2019-2020 appropriation of Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

Instructional Materials Adoption (27113) – to account for financial activity associated with a contract between NMPED supporting the annual review of instructional material submitted to the NMPED for acceptance in use for public schools in New Mexico.

Structured Literacy and Early Literacy (27114) –Funding is to be used specifically for public elementary schools to improve literacy rates.

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Special Revenue Funds

Community Schools Implementation Grant (27127) – This state funded award is for the Community schools Grantee to implement the Community Schools framework that includes active family and community engagement, collaborative leadership and practices, expanded and enriched learning time and opportunities and integrated student supports, and to hire a community schools coordinator.

Pre-K Initiative (27149) – To account for legislative appropriations for the purpose of providing high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do so, regardless of income or ethnicity. Authority for the creation of this fund is the New Mexico Public Education Department.

Indian Education Act (27150) – To develop and evaluate the relationship between improved academic performance of American Indian students who experience a culturally relevant education curriculum. Authority for creation of this fund is the New Mexico Public Education Department.

K-5 Plus Transportation (27152) – Funds for the transportation of students who participated in K-5 Plus programs. Authorization: appropriation contained in the laws of 2019, chapter 271, section 4, subsection K, Public School Support, paragraph 2 (House Bill 2).

Extended Learning Transportation Fund (27153) – To provide transportation in support of extended learning time. Authority for creation of this fund is the New Mexico Public Education Department.

NM Grown Fresh Fruit & Vegetable (27183) – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.

Native American Language Certificate Salaries (27411) – Funds under the award or to fund a portion of the salary for Native American Language and Culture certificate staff.

Career Technical Education Program Pilot (27502) – Funding will be used in accordance with the application in order to develop the Computer Technology Assistant (GenYes) pathway to include supplies/materials, professional development, travel and equipment.

Service Learning (27516) – The purpose of this award is to promote innovation in the critical area of outdoor learning by expanding access to outdoor learning and environmental education programs for New Mexico students.

CTE Statewide Innovation Zones (27552) – Funding is awarded to support schools in their efforts to transform and align education throughout the high school. Funding for this initiative is titled “CTE Initiatives and Equipment”

Indian Education Act (27901) – This funding is awarded with the purpose of improving academic and cultural achievement opportunities in alignment with the requirements of the Indian Education Act, Sections 22-23A-1 through 23-23A-11 NMSA 1978. The objectives include to increase positive student academic achievement, attendance, and graduation, readiness for post-secondary education, career pathways, and civic life/community leadership.

Native American Language and Culture Support Grant (27909) – This state funding is to be used for the approved salaries of certified Native American Language and Culture staff only in compliance with the Indian Education Act, Sections 22-23A-1 through 22-23A-11 NMSA 1978.

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Special Revenue Funds

Youth Conservation (28133) – Allows for students to participate in conservation programs at National, State and City Parks as well as a study time for academic programs.

Medicaid Support (28144) – The purpose of this fund is to account for funding originating from insurance claim receipts that are generated from the services provided by the District's School Based Healthcare (SBHC) program and facilities, and are then used to provide additional operational, administrative, and facilities support to the District's SBHC program. Authority for creation of this fund is Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) and the authorization of the New Mexico Public Education Department.

New Mexico COVID Testing (28211) – To strengthen school health services infrastructure and may be used to prevent, mitigate, and reduce the consequences of COVID infections.

Private Direct Grants (29102) – To provide additional classroom time for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

San Juan County J Crowley (29503) – To provide funds for physical education equipment and programs for elementary sites.

Dairy Max Gen Youth - AHS (29504) – To provide additional funds for Covid-19 emergency school nutrition.

FRAC Albertsons (29505) – To help provide funding to feed local students in need that are affected by the COVID-19 crisis.

Dairy Max Gen Youth - LR (29506) – To provide additional funds for COVID-19 emergency school meal delivery.

SJC Cty Sandy Hook (29507) – Funding to pay for subscriptions pertaining to student mental health and safe school programs.

Aztec Municipal School District No. 2
Nonmajor Governmental Fund Descriptions
June 30, 2024

Capital Projects Funds

Public School Capital Outlay (31200)- Funding is to be used for the maintenance and repair of public-school buildings and can only be used for the purposes specified on the Intended Scope of Work.

Capital Improvement SB-9 (31700) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Pursuant to Chapter 338 of Laws of 2001, a portion of the proceeds from supplemental severance tax bonds are dedicated for the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) as it pertains to the State Match.

Capital Improvement SB-9 State Match (31703) – Beginning in FY20 SB-9 State Match funds will not be on a reimbursement basis. Cash will be forwarded directly to the School District. All proceeds shall be expended in accordance with 22-25-2 NMSA 1978.

Educational Technology Equipment Act (31900) – To account for funding which is to be used by the District to promote the comprehensive integration of advances technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities. Authorization is NMSA 22-15A-1.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

Statement A-1

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 1,876,513	\$ 1,201,644	\$ 3,078,157
Investments	-	51,613	51,613
Receivables:			
Due from other governments	1,904,786	-	1,904,786
Other	905	-	905
Inventory	18,458	-	18,458
Prepaid expenditures	11,285	-	11,285
<i>Total assets</i>	<u>\$ 3,811,947</u>	<u>\$ 1,253,257</u>	<u>\$ 5,065,204</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 112,290	\$ 92,467	\$ 204,757
Accrued payroll	77,173	-	77,173
Unearned revenue	3,160	-	3,160
Due to other funds	1,544,470	-	1,544,470
<i>Total liabilities</i>	<u>1,737,093</u>	<u>92,467</u>	<u>1,829,560</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory and prepaid expenses	29,743	-	29,743
Spendable:			
Restricted for:			
Food services	1,099,192	-	1,099,192
Extracurricular activities	67,327	-	67,327
Education	922,008	-	922,008
Capital acquisitions and improvements	-	1,160,790	1,160,790
Unassigned	(43,416)	-	(43,416)
<i>Total fund balances</i>	<u>2,074,854</u>	<u>1,160,790</u>	<u>3,235,644</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,811,947</u>	<u>\$ 1,253,257</u>	<u>\$ 5,065,204</u>

See independent auditors' report.

Aztec Municipal School District No. 2 Statement A-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue	Capital Projects	Total
<i>Revenues</i>			
Intergovernmental revenue:			
Federal flowthrough	\$ 4,614,403	\$ -	\$ 4,614,403
Federal direct	286,766	-	286,766
State flowthrough	1,643,915	439,763	2,083,678
State direct	1,220,104	-	1,220,104
Charges for services	324,995	-	324,995
Miscellaneous income	94,000	-	94,000
<i>Total revenues</i>	<u>8,184,183</u>	<u>439,763</u>	<u>8,623,946</u>
<i>Expenditures</i>			
Current:			
Instruction	2,755,636	-	2,755,636
Support services - students	203,192	-	203,192
Support services - instruction	437,296	1,149	438,445
Support services - general admin	156,202	-	156,202
Support services - school admin	548,332	-	548,332
Central services	271,826	-	271,826
Operation and maintenance of plant	740,024	1,289,286	2,029,310
Student transportation	114,756	-	114,756
Food services operations	2,287,402	-	2,287,402
Capital outlay	16,430	31,393	47,823
<i>Total expenditures</i>	<u>7,531,096</u>	<u>1,321,828</u>	<u>8,852,924</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>653,087</u>	<u>(882,065)</u>	<u>(228,978)</u>
<i>Other financing sources (uses)</i>			
Debt proceeds	-	1,709,000	1,709,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,709,000</u>	<u>1,709,000</u>
<i>Net change in fund balances</i>	653,087	826,935	1,480,022
<i>Fund balances - beginning</i>	<u>1,421,767</u>	<u>333,855</u>	<u>1,755,622</u>
<i>Fund balances - end of year</i>	<u><u>\$ 2,074,854</u></u>	<u><u>\$ 1,160,790</u></u>	<u><u>\$ 3,235,644</u></u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Student Nutrition Program 21000	Universal Free Meals 21100	Athletics 22000	Title I 24101
<i>Assets</i>				
Cash and cash equivalents	\$ 1,109,600	\$ -	\$ 22,222	\$ -
Receivables:				
Due from other governments	46,723	44,810	-	451,015
Other	-	-	905	-
Inventory	18,458	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 1,174,781</u>	<u>\$ 44,810</u>	<u>\$ 23,127</u>	<u>\$ 451,015</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 56,917	\$ -	\$ 250	\$ -
Accrued payroll	214	-	360	24,917
Unearned revenue	-	-	-	205
Due to other funds	-	-	-	425,893
<i>Total liabilities</i>	<u>57,131</u>	<u>-</u>	<u>610</u>	<u>451,015</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory and prepaid expenses	18,458	-	-	-
Spendable:				
Restricted for:				
Food services	1,099,192	-	-	-
Extracurricular activities	-	44,810	22,517	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>1,117,650</u>	<u>44,810</u>	<u>22,517</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,174,781</u>	<u>\$ 44,810</u>	<u>\$ 23,127</u>	<u>\$ 451,015</u>

See independent auditors' report.

Entitlement IDEA-B 24106	New Mexico Autism Project 24108	Preschool IDEA-B 24109	Fresh Fruits & Vegetables 24118	Charter Schools 24146	English Language Acquisition 24153
\$ -	\$ 17	\$ -	\$ -	\$ -	\$ -
234,774	-	14,843	34,076	-	26
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 234,774</u>	<u>\$ 17</u>	<u>\$ 14,843</u>	<u>\$ 34,076</u>	<u>\$ -</u>	<u>\$ 26</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,795	-	-	-	-	-
-	17	-	-	-	-
212,979	-	14,740	34,076	2,022	26
<u>234,774</u>	<u>17</u>	<u>14,740</u>	<u>34,076</u>	<u>2,022</u>	<u>26</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	103	-	-	-
-	-	-	-	(2,022)	-
-	-	103	-	(2,022)	-
<u>\$ 234,774</u>	<u>\$ 17</u>	<u>\$ 14,843</u>	<u>\$ 34,076</u>	<u>\$ -</u>	<u>\$ 26</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Teacher Principal Training & Recruitment 24154	Carl D Perkins Secondary - Current 24174	Carl D Perkins Secondary Redistribution 24176	USDA 2010 Equipment Assistance Program 24183
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	12,498	40,053	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	11,285	-	-	-
<i>Total assets</i>	<u>\$ 23,783</u>	<u>\$ 40,053</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	956	-	-	-
Unearned revenue	524	-	-	-
Due to other funds	22,303	46,131	200	-
<i>Total liabilities</i>	<u>23,783</u>	<u>46,131</u>	<u>200</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory and prepaid expenses	11,285	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Unassigned	(11,285)	(6,078)	(200)	-
<i>Total fund balances</i>	<u>-</u>	<u>(6,078)</u>	<u>(200)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 23,783</u>	<u>\$ 40,053</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

Student Support Academic Achievement Title IV 24189	Stronger Connections Grant (SCG) Program 24196	CARES Act 24301	GEERF 24305	CARES Social, Emotional Learning 24307	CARES ESSERS II 24308
\$ -	\$ -	\$ -	\$ 2,414	\$ -	\$ -
18,509	84,934	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,509</u>	<u>\$ 84,934</u>	<u>\$ -</u>	<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 54,800	\$ -	\$ -	\$ -	\$ -
-	-	103	-	-	(194)
-	-	-	2,414	-	-
18,509	30,134	3,230	-	500	194
<u>18,509</u>	<u>84,934</u>	<u>3,333</u>	<u>2,414</u>	<u>500</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(3,333)	-	(500)	-
-	-	(3,333)	-	(500)	-
<u>\$ 18,509</u>	<u>\$ 84,934</u>	<u>\$ -</u>	<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	IDEA American Rescue Plan Act of 2021 24346	IDEA American Rescue Plan Act of 2021 Preschool 24349	Homeless Emergency Rescue Fund 24355	Johnson O'Malley 25131
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	-	2,141	12,130
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,141</u></u>	<u><u>\$ 12,130</u></u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8
Accrued payroll	-	-	-	291
Unearned revenue	-	-	-	-
Due to other funds	-	-	2,141	24,641
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>2,141</u>	<u>24,940</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory and prepaid expenses	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Unassigned	-	-	-	(12,810)
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,810)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,141</u></u>	<u><u>\$ 12,130</u></u>

See independent auditors' report.

Native Youth Community Program 25183	Indian Ed Formula Grant 25184	Burlington Res/Meridian Oil Foundation 26150	Conoco/Phillips School Grant 26200	2012 GO Bond Student Library 27107	Instructional Materials Special Appropriation 27109
\$ -	\$ -	\$ 93	\$ 640	\$ -	\$ 7,153
44,580	36,654	-	-	43,279	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 44,580</u>	<u>\$ 36,654</u>	<u>\$ 93</u>	<u>\$ 640</u>	<u>\$ 43,279</u>	<u>\$ 7,153</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,110	1,021	-	-	-	-
-	-	-	-	-	-
43,470	35,633	-	-	43,279	-
<u>44,580</u>	<u>36,654</u>	<u>-</u>	<u>-</u>	<u>43,279</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	93	640	-	7,153
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>93</u>	<u>640</u>	<u>-</u>	<u>7,153</u>
<u>\$ 44,580</u>	<u>\$ 36,654</u>	<u>\$ 93</u>	<u>\$ 640</u>	<u>\$ 43,279</u>	<u>\$ 7,153</u>

See independent auditors' report.

Aztec Municipal School District No. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Instructional Materials Adoption 27113	Structured Literacy and Early Literacy 27114	Community Schools Implementation Grant 27127	Pre-K Initiative 27149
<i>Assets</i>				
Cash and cash equivalents	\$ 21,449	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	22,496	44,174	305,479
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 21,449</u>	<u>\$ 22,496</u>	<u>\$ 44,174</u>	<u>\$ 305,479</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	12,610
Unearned revenue	-	-	-	-
Due to other funds	-	22,496	44,174	292,869
<i>Total liabilities</i>	<u>-</u>	<u>22,496</u>	<u>44,174</u>	<u>305,479</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory and prepaid expenses	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	21,449	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>21,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 21,449</u>	<u>\$ 22,496</u>	<u>\$ 44,174</u>	<u>\$ 305,479</u>

See independent auditors' report.

Indian Education Act 27150	K-5 Plus Transportation 27152	Extended Learning Transportation Fund 27153	NM Grown Fresh Fruit & Vegetable 27183	Native American Language Certificate Salaries 27411	Career Technical Education Program Pilot 27502
\$ -	\$ 5,148	\$ 10	\$ -	\$ 3,824	\$ -
983	-	-	-	-	5,345
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 983</u>	<u>\$ 5,148</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 5,345</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,483	-	-	-	-	5,345
<u>2,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,345</u>
<u>2,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,345</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,148	10	-	3,824	-
(1,500)	-	-	-	-	-
<u>(1,500)</u>	<u>5,148</u>	<u>10</u>	<u>-</u>	<u>3,824</u>	<u>-</u>
<u>\$ 983</u>	<u>\$ 5,148</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 5,345</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Service Learning 27516		CTE State Wide Innovation Zones 27552		Indian Education Act 27901		Native American Language and Culture Support Grant 27909	
<i>Assets</i>								
Cash and cash equivalents	\$	-	\$	-	\$	-	\$	8,827
Receivables:								
Due from other governments		-		199,052		18,286		-
Other		-		-		-		-
Inventory		-		-		-		-
Prepaid expenses		-		-		-		-
<i>Total assets</i>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>199,052</u>	<u>\$</u>	<u>18,286</u>	<u>\$</u>	<u>8,827</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>								
<i>Liabilities</i>								
Accounts payable	\$	-	\$	199	\$	-	\$	-
Accrued payroll		-		4,877		874		367
Unearned revenue		-		-		-		-
Due to other funds		-		193,976		17,412		-
<i>Total liabilities</i>		-		199,052		18,286		367
<i>Fund balances</i>								
Nonspendable:								
Inventory and prepaid expenses		-		-		-		-
Spendable:								
Restricted for:								
Food services		-		-		-		-
Extracurricular activities		-		-		-		-
Education		-		-		-		8,460
Unassigned		-		-		-		-
<i>Total fund balances</i>	<u></u>	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>8,460</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>199,052</u>	<u>\$</u>	<u>18,286</u>	<u>\$</u>	<u>8,827</u>

See independent auditors' report.

Youth Conservation 28133	Medicaid Support 28144	New Mexico COVID Testing 28211	Private Direct Grants 29102	San Juan County J Crowley 29503	Dairy Max Gen Youth - AHS 29504
\$ -	\$ 656,242	\$ -	\$ 37,010	\$ -	\$ 430
-	107,926	-	80,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 764,168</u>	<u>\$ -</u>	<u>\$ 117,010</u>	<u>\$ -</u>	<u>\$ 430</u>
\$ -	\$ 116	\$ -	\$ -	\$ -	\$ -
74	7,798	-	-	-	-
-	-	-	-	-	-
1,756	-	3,858	-	-	-
<u>1,830</u>	<u>7,914</u>	<u>3,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	756,254	-	117,010	-	430
(1,830)	-	(3,858)	-	-	-
<u>(1,830)</u>	<u>756,254</u>	<u>(3,858)</u>	<u>117,010</u>	<u>-</u>	<u>430</u>
<u>\$ -</u>	<u>\$ 764,168</u>	<u>\$ -</u>	<u>\$ 117,010</u>	<u>\$ -</u>	<u>\$ 430</u>

See independent auditors' report.

Aztec Municipal School District No. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	FRAC Albertsons 29505	Dairy Max Gen Youth - LR 29506	SJC Cty Sandy Hook 29507
<i>Assets</i>			
Cash and cash equivalents	\$ 401	\$ 133	\$ 900
Receivables:			
Due from other governments	-	-	-
Other	-	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
<i>Total assets</i>	<u>\$ 401</u>	<u>\$ 133</u>	<u>\$ 900</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory and prepaid expenses	-	-	-
Spendable:			
Restricted for:			
Food services	-	-	-
Extracurricular activities	-	-	-
Education	401	133	900
Unassigned	-	-	-
<i>Total fund balances</i>	<u>401</u>	<u>133</u>	<u>900</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 401</u>	<u>\$ 133</u>	<u>\$ 900</u>

See independent auditors' report.

Total	
<hr/>	
\$	1,876,513
	1,904,786
	905
	18,458
	11,285
<hr/>	
\$	3,811,947
<hr/>	

\$	112,290
	77,173
	3,160
	1,544,470
<hr/>	
	1,737,093
<hr/>	

29,743

	1,099,192
	67,327
	922,008
	(43,416)
<hr/>	
	2,074,854
<hr/>	
\$	3,811,947
<hr/>	

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	Student Nutrition Program 21000	Universal Free Meals 21100	Athletics 22000	Title I 24101
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 1,745,601	\$ -	\$ -	\$ 1,075,640
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	527,694	-	-
Charges for services	197,887	-	127,108	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>1,943,488</u>	<u>527,694</u>	<u>127,108</u>	<u>1,075,640</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	125,663	809,750
Support services - students	-	-	-	-
Support services - instruction	-	-	-	95,229
Support services - general admin	57,490	-	-	52,152
Support services - school admin	-	-	-	48,475
Central services	-	-	-	70,034
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	1,739,784	482,884	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,797,274</u>	<u>482,884</u>	<u>125,663</u>	<u>1,075,640</u>
<i>Net change in fund balances</i>	146,214	44,810	1,445	-
<i>Fund balances - beginning</i>	<u>971,436</u>	<u>-</u>	<u>21,072</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u><u>\$ 1,117,650</u></u>	<u><u>\$ 44,810</u></u>	<u><u>\$ 22,517</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Entitlement IDEA-B 24106	New Mexico Autism Project 24108	Preschool IDEA-B 24109	Fresh Fruits & Vegetables 24118	Charter Schools 24146	English Language Acquisition 24153
\$ 742,275	\$ -	\$ 29,613	\$ 34,076	\$ -	\$ 10,173
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>742,275</u>	<u>-</u>	<u>29,613</u>	<u>34,076</u>	<u>-</u>	<u>10,173</u>
392,027	-	15,419	-	-	5,215
13,153	-	1,638	-	-	-
43,113	-	11,000	-	-	4,493
5,500	-	1,453	-	-	465
164,603	-	-	-	-	-
55,575	-	-	-	-	-
-	-	-	-	-	-
68,304	-	-	-	-	-
-	-	-	34,076	-	-
-	-	-	-	-	-
<u>742,275</u>	<u>-</u>	<u>29,510</u>	<u>34,076</u>	<u>-</u>	<u>10,173</u>
-	-	103	-	-	-
-	-	-	-	(2,022)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ (2,022)</u>	<u>\$ -</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	Teacher Principal Training & Recruitment 24154	Carl D Perkins Secondary - Current 24174	Carl D Perkins Secondary Redistribution 24176	USDA 2010 Equipment Assistance Program 24183
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 77,327	\$ 45,351	\$ 15,607	\$ 9,500
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>77,327</u>	<u>45,351</u>	<u>15,607</u>	<u>9,500</u>
<i>Expenditures</i>				
Current:				
Instruction	-	43,480	15,607	-
Support services - students	-	-	-	-
Support services - instruction	65,470	-	-	-
Support services - general admin	3,772	1,871	-	-
Support services - school admin	3,062	-	-	-
Central services	5,023	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	9,500
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>77,327</u>	<u>45,351</u>	<u>15,607</u>	<u>9,500</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>(6,078)</u>	<u>(200)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u><u>\$ -</u></u>	<u><u>\$ (6,078)</u></u>	<u><u>\$ (200)</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Student Supp Academic Achievement Title IV 24189	Stronger Connections Grant (SCG) Program 24196	CARES Act 24301	GEERF 24305	CARES Social, Emotional Learning 24307	CARES ESSERS II 24308
\$ 58,675	\$ 345,108	\$ -	\$ -	\$ -	\$ 286,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>58,675</u>	<u>345,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,571</u>
16,954	-	-	-	-	139,837
1,868	-	-	-	-	-
-	-	-	-	-	-
2,846	1,458	-	-	-	10,527
8,155	-	-	-	-	-
25,183	23,650	-	-	-	13,312
3,669	320,000	-	-	-	122,895
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>58,675</u>	<u>345,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,571</u>
-	-	-	-	-	-
-	-	(3,333)	-	(500)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,333)</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ -</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	IDEA American Rescue Plan Act of 2021 24346	IDEA American Rescue Plan Act of 2021 Preschool 24349	Homeless Emergency Rescue Fund 24355	Johnson O'Malley 25131
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 124,663	\$ 5,528	\$ 8,695	\$ -
Federal direct	-	-	-	50,845
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>124,663</u>	<u>5,528</u>	<u>8,695</u>	<u>50,845</u>
<i>Expenditures</i>				
Current:				
Instruction	80,211	3,440	4,405	7,889
Support services - students	437	-	3,865	26,933
Support services - instruction	1,375	-	-	2,897
Support services - general admin	4,571	180	425	1,891
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	33,205	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>119,799</u>	<u>3,620</u>	<u>8,695</u>	<u>39,610</u>
<i>Net change in fund balances</i>	4,864	1,908	-	11,235
<i>Fund balances - beginning</i>	<u>(4,864)</u>	<u>(1,908)</u>	<u>-</u>	<u>(24,045)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,810)</u>

See independent auditors' report.

Native Youth Community Program 25183	Indian Ed Formula Grant 25184	Burlington Res/Meridian Oil Foundation 26150	Conoco/Phillips School Grant 26200	2012 GO Bond Student Library 27107	Instructional Materials Special Appropriation 27109
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
135,438	100,483	-	-	-	-
-	-	-	-	43,279	36,998
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>135,438</u>	<u>100,483</u>	<u>-</u>	<u>-</u>	<u>43,279</u>	<u>36,998</u>
125,701	61,539	-	-	-	27,641
-	26,662	-	-	-	-
-	7,383	-	-	43,279	-
4,578	4,899	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>130,279</u>	<u>100,483</u>	<u>-</u>	<u>-</u>	<u>43,279</u>	<u>27,641</u>
5,159	-	-	-	-	9,357
<u>(5,159)</u>	<u>-</u>	<u>93</u>	<u>640</u>	<u>-</u>	<u>(2,204)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93</u>	<u>\$ 640</u>	<u>\$ -</u>	<u>\$ 7,153</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	Instructional Materials Adoption 27113	Structured Literacy and Early Literacy 27114	Community Schools Implementation Grant 27127	Pre-K Initiative 27149
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	33,239	77,425	415,936
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>33,239</u>	<u>77,425</u>	<u>415,936</u>
<i>Expenditures</i>				
Current:				
Instruction	-	29,232	-	403,535
Support services - students	-	-	-	-
Support services - instruction	-	4,007	-	1,783
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Central services	-	-	77,425	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	10,618
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>33,239</u>	<u>77,425</u>	<u>415,936</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>21,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u><u>\$ 21,449</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Indian Education Act 27150	K-5 Plus Transportation 27152	Extended Learning Transportation Fund 27153	NM Grown Fresh Fruit & Vegetable 27183	Native American Language Certificate Salaries 27411	Career Technical Education Program Pilot 27502
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
983	-	-	21,158	-	112,418
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>983</u>	<u>-</u>	<u>-</u>	<u>21,158</u>	<u>-</u>	<u>112,418</u>
160	-	-	-	-	95,889
-	-	-	-	-	-
823	-	-	-	-	99
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	21,158	-	-
-	-	-	-	-	16,430
<u>983</u>	<u>-</u>	<u>-</u>	<u>21,158</u>	<u>-</u>	<u>112,418</u>
-	-	-	-	-	-
(1,500)	5,148	10	-	3,824	-
<u>\$ (1,500)</u>	<u>\$ 5,148</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ -</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	Service Learning 27516	CTE State Wide Innovation Zones 27552	Indian Education Act 27901	Native American Language and Culture Support Grant 27909
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	752,691	49,788	100,000
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>752,691</u>	<u>49,788</u>	<u>100,000</u>
<i>Expenditures</i>				
Current:				
Instruction	-	190,794	14,716	91,540
Support services - students	-	-	30,355	-
Support services - instruction	-	147,665	4,717	-
Support services - general admin	-	2,124	-	-
Support services - school admin	-	4,958	-	-
Central services	-	1,354	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	1,947	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>348,842</u>	<u>49,788</u>	<u>91,540</u>
<i>Net change in fund balances</i>	-	403,849	-	8,460
<i>Fund balances - beginning</i>	<u>-</u>	<u>(403,849)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,460</u>

See independent auditors' report.

Youth Conservation 28133	Medicaid Support 28144	New Mexico Schools COVID Testing 28211	Private Direct Grants 29102	San Juan County J Crowley 29503	Dairy Max Gen Youth - AHS 29504
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	692,410	-	-	-	-
-	-	-	-	-	-
-	-	-	94,000	-	-
-	692,410	-	94,000	-	-
-	33,950	-	14,373	77	2,570
-	98,281	-	-	-	-
-	3,963	-	-	-	-
-	-	-	-	-	-
-	319,079	-	-	-	-
-	270	-	-	-	-
-	293,460	-	-	-	-
-	682	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	749,685	-	14,373	77	2,570
-	(57,275)	-	79,627	(77)	(2,570)
(1,830)	813,529	(3,858)	37,383	77	3,000
\$ (1,830)	\$ 756,254	\$ (3,858)	\$ 117,010	\$ -	\$ 430

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	FRAC Albertsons 29505	Dairy Max Gen Youth - LR 29506	SJC Cty Sandy Hook 29507
<i>Revenues</i>			
Intergovernmental revenue:			
Federal flowthrough	\$ -	\$ -	\$ -
Federal direct	-	-	-
State flowthrough	-	-	-
State direct	-	-	-
Charges for services	-	-	-
Miscellaneous income	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>			
Current:			
Instruction	1,155	2,867	-
Support services - students	-	-	-
Support services - instruction	-	-	-
Support services - general admin	-	-	-
Support services - school admin	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>1,155</u>	<u>2,867</u>	<u>-</u>
<i>Net change in fund balances</i>	(1,155)	(2,867)	-
<i>Fund balances - beginning</i>	<u>1,556</u>	<u>3,000</u>	<u>900</u>
<i>Fund balances - end of year</i>	<u><u>\$ 401</u></u>	<u><u>\$ 133</u></u>	<u><u>\$ 900</u></u>

See independent auditors' report.

Total	
<hr/>	
\$	4,614,403
	286,766
	1,643,915
	1,220,104
	324,995
	94,000
	<hr/>
	8,184,183
	<hr/>

	2,755,636
	203,192
	437,296
	156,202
	548,332
	271,826
	740,024
	114,756
	2,287,402
	16,430
	<hr/>
	7,531,096
	<hr/>
	653,087
	1,421,767
	<hr/>
\$	2,074,854
	<hr/>
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See independent auditors' report.

Aztec Municipal School District No. 2
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2024

	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 State Match 31703	Education Technology Equipment Act 31900
<i>Assets</i>				
Cash and cash equivalents	\$ 240,794	\$ 20,173	\$ 195,033	\$ 745,644
Investments	-	-	51,613	-
<i>Total assets</i>	<u>\$ 240,794</u>	<u>\$ 20,173</u>	<u>\$ 246,646</u>	<u>\$ 745,644</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 92,467
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,467</u>
 <i>Fund balances</i>				
Spendable:				
Restricted for:				
Capital acquisitions and improvements	<u>240,794</u>	<u>20,173</u>	<u>246,646</u>	<u>653,177</u>
<i>Total fund balances</i>	<u>240,794</u>	<u>20,173</u>	<u>246,646</u>	<u>653,177</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 240,794</u>	<u>\$ 20,173</u>	<u>\$ 246,646</u>	<u>\$ 745,644</u>

See independent auditors' report.

Total	
<hr/>	
\$	1,201,644
	51,613
<hr/>	
\$	1,253,257
<hr/>	

\$	92,467
<hr/>	
	92,467
<hr/>	

	1,160,790
<hr/>	
	1,160,790
<hr/>	
\$	1,253,257
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See independent auditors' report.

Aztec Municipal School District No. 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Project Funds

For the Year Ended June 30, 2024

	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 State Match 31703	Education Technology Equipment Act 31900
<i>Revenues</i>				
State flowthrough	\$ 240,794	\$ -	\$ 198,969	\$ -
<i>Total revenues</i>	<u>240,794</u>	<u>-</u>	<u>198,969</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Support services - instruction	-	-	-	1,149
Operation and maintenance of plant	-	-	-	1,289,286
Capital outlay	-	-	-	31,393
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,321,828</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>240,794</u>	<u>-</u>	<u>198,969</u>	<u>(1,321,828)</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	1,709,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,709,000</u>
<i>Net change in fund balances</i>	240,794	-	198,969	387,172
<i>Fund balances - beginning</i>	<u>-</u>	<u>20,173</u>	<u>47,677</u>	<u>266,005</u>
<i>Fund balances - end of year</i>	<u>\$ 240,794</u>	<u>\$ 20,173</u>	<u>\$ 246,646</u>	<u>\$ 653,177</u>

See independent auditors' report.

Total	
\$	439,763
	<u>439,763</u>

	1,149
	1,289,286
	<u>31,393</u>
	<u>1,321,828</u>

	<u>(882,065)</u>
--	------------------

	<u>1,709,000</u>
	<u>1,709,000</u>

	826,935
	<u>333,855</u>

\$	<u><u>1,160,790</u></u>
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See independent auditors' report.

Aztec Municipal School District No. 2

Combining Balance Sheet

General Fund

June 30, 2024

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Assets</i>			
Cash and cash equivalents	\$ (156,996)	\$ 139,695	\$ 1,489
Investments	2,250,851	-	-
Receivables:			
Property taxes	-	-	-
Due from other governments	63,013	-	-
Other	-	-	-
Inventory	83,955	3,351	-
Due from other funds	2,606,773	-	-
<i>Total assets</i>	<u>\$ 4,847,596</u>	<u>\$ 143,046</u>	<u>\$ 1,489</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 26,709	\$ 50,990	\$ -
Accrued payroll	546,862	39,614	-
<i>Total liabilities</i>	<u>573,571</u>	<u>90,604</u>	<u>-</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Nonspendable:			
Inventory	83,955	3,351	-
Spendable:			
Restricted for:			
Transportation	-	49,091	-
Instructional materials	-	-	1,489
Education	-	-	-
Committed for:			
Subsequent year's expenditures	2,847,898	-	-
Assigned	-	-	-
Unassigned	1,353,848	-	-
<i>Total fund balances</i>	<u>4,285,701</u>	<u>52,442</u>	<u>1,489</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,859,272</u>	<u>\$ 143,046</u>	<u>\$ 1,489</u>

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 48,788	\$ 431,913	\$ 464,889
-	-	2,250,851
18,234	-	18,234
8,021	-	71,034
-	25,852	25,852
-	-	87,306
-	-	2,606,773
<u>\$ 75,043</u>	<u>\$ 457,765</u>	<u>\$ 5,524,939</u>
\$ -	\$ 40	\$ 77,739
-	-	586,476
-	40	664,215
15,414	-	15,414
15,414	-	15,414
-	-	87,306
-	-	49,091
-	-	1,489
47,953	-	47,953
-	-	2,847,898
-	457,725	457,725
-	-	1,353,848
<u>47,953</u>	<u>457,725</u>	<u>4,845,310</u>
<u>\$ 63,367</u>	<u>\$ 457,765</u>	<u>\$ 5,524,939</u>

See independent auditors' report.

Aztec Municipal School District No. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2024

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Revenues</i>			
Property taxes	\$ 238,947	\$ -	\$ -
Intergovernmental revenue:			
State flowthrough	12,619	-	-
State direct	28,762,508	-	-
Transportation distribution	-	1,269,572	-
Charges for services	383,295	-	-
Investment income	131,988	-	-
Miscellaneous	17,687	6,905	-
<i>Total revenues</i>	<u>29,547,044</u>	<u>1,276,477</u>	<u>-</u>
<i>Expenditures</i>			
Current:			
Instruction	17,090,016	-	11,191
Support services - students	2,614,965	-	-
Support services - instruction	561,626	-	-
Support services - general administration	406,070	-	-
Support services - school administration	2,199,228	-	-
Central services	1,409,238	-	-
Operation and maintenance plant	3,772,930	-	-
Student transportation	74,215	1,236,764	-
Other support services	1,437	-	-
Community services operations	833	-	-
<i>Total expenditures</i>	<u>28,130,558</u>	<u>1,236,764</u>	<u>11,191</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,416,486</u>	<u>39,713</u>	<u>(11,191)</u>
<i>Other financing sources (uses):</i>			
Proceeds from sale of capital assets	2,700	-	-
<i>Total other financing sources (uses)</i>	<u>2,700</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,419,186	39,713	(11,191)
<i>Fund balances - beginning</i>	<u>2,866,515</u>	<u>12,729</u>	<u>12,680</u>
<i>Fund balances - end of year</i>	<u><u>\$ 4,285,701</u></u>	<u><u>\$ 52,442</u></u>	<u><u>\$ 1,489</u></u>

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 32,279	\$ -	\$ 271,226
-	-	12,619
-	-	28,762,508
-	-	1,269,572
-	326,271	709,566
-	-	131,988
-	-	24,592
<u>32,279</u>	<u>326,271</u>	<u>31,182,071</u>
-	281,974	17,383,181
-	-	2,614,965
-	-	561,626
-	-	406,070
-	-	2,199,228
-	-	1,409,238
-	-	3,772,930
-	-	1,310,979
-	-	1,437
-	-	833
<u>-</u>	<u>281,974</u>	<u>29,660,487</u>
<u>32,279</u>	<u>44,297</u>	<u>1,521,584</u>
<u>-</u>	<u>-</u>	<u>2,700</u>
<u>-</u>	<u>-</u>	<u>2,700</u>
32,279	44,297	1,524,284
<u>15,674</u>	<u>413,428</u>	<u>3,321,026</u>
<u>\$ 47,953</u>	<u>\$ 457,725</u>	<u>\$ 4,845,310</u>

See independent auditors' report.

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**MOSAIC ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Balance Sheet
Governmental Funds
June 30, 2024

	Special Revenue			
	General Fund 11000	Non Instructional Support 23000	Title I 24101	Entitlement IDEA-B 24106
<i>Assets</i>				
Cash and cash equivalents	\$ 647,583	\$ 12,027	\$ 2,249	\$ 4,409
Receivables:				
Property and oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	60,956	-	-	-
<i>Total assets</i>	<u>\$ 708,539</u>	<u>\$ 12,027</u>	<u>\$ 2,249</u>	<u>\$ 4,409</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 1,643	\$ -	\$ -	\$ -
Accrued payroll	44,207	-	2,764	4,385
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>45,850</u>	<u>-</u>	<u>2,764</u>	<u>4,385</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Education	-	12,027	-	24
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	557,207	-	-	-
Unassigned	105,482	-	(515)	-
<i>Total fund balances</i>	<u>662,689</u>	<u>12,027</u>	<u>(515)</u>	<u>24</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 708,539</u>	<u>\$ 12,027</u>	<u>\$ 2,249</u>	<u>\$ 4,409</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Charter Schools 24146	Teacher Principal Training & Recruitment 24154	Stronger Connections Grant (SCG) Program 24196	CARES ESSERS II 24308	ARP, ESSER III 24330
\$ 22	\$ -	\$ -	\$ -	\$ 2,994
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,994</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,994
-	-	-	-	-
-	-	-	-	2,994
22	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,994</u>

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2

Balance Sheet
Governmental Funds
June 30, 2024

	Special Revenue			
	Title XIX			
	Medicaid 3/21	REC / District	Emergency	Libraries GO
	Years	Fiscal Agent	Connectivity	Bond 2012
	25153	26107	26222	27107
<i>Assets</i>				
Cash and cash equivalents	\$ 279	\$ 824	\$ 796	\$ -
Receivables:				
Property and oil and gas taxes	-	-	-	-
Due from other governments	-	56,374	599	4,553
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 279</u>	<u>\$ 57,198</u>	<u>\$ 1,395</u>	<u>\$ 4,553</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	824	-	-
Due to other funds	-	56,606	577	3,772
<i>Total liabilities</i>	<u>-</u>	<u>57,430</u>	<u>577</u>	<u>3,772</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Education	279	-	818	781
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	(232)	-	-
<i>Total fund balances</i>	<u>279</u>	<u>(232)</u>	<u>818</u>	<u>781</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 279</u>	<u>\$ 57,198</u>	<u>\$ 1,395</u>	<u>\$ 4,553</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Instructional Materials 27109	Community Schools Planning 27126	Community Schools Implementation Grant 27127	State Funded Out of School Time Program 27416	Behavioral Health Support 27583
\$ 13,968	\$ -	\$ 2,274	\$ 26	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,968</u>	<u>\$ -</u>	<u>\$ 2,274</u>	<u>\$ 26</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,274	26	-
-	-	-	-	-
-	-	2,274	26	-
13,968	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>13,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,968</u>	<u>\$ -</u>	<u>\$ 2,274</u>	<u>\$ 26</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Balance Sheet
Governmental Funds
June 30, 2024

	Special Revenue		Capital Projects	
	NM Econ Dev Dept 28210	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701
<i>Assets</i>				
Cash and cash equivalents	\$ 1	\$ -	\$ -	\$ 80,472
Receivables:				
Property and oil and gas taxes	-	-	-	726
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,198</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	1	-	-	-
<i>Total liabilities</i>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	81,198
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,198</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,198</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects

Capital Improvements SB-9 State Match 31703		Total	
\$	10	\$	767,934
	-		726
	-		61,526
	-		60,956
<hr/>		<hr/>	
\$	10	\$	891,142
<hr/>		<hr/>	
\$	-	\$	1,643
	-		57,474
	-		60,956
<hr/>		<hr/>	
	-		120,073
<hr/>		<hr/>	
	-		27,919
	10		81,208
	-		557,207
	-		104,735
<hr/>		<hr/>	
	10		771,069
<hr/>		<hr/>	
\$	10	\$	891,142
<hr/>		<hr/>	

The accompanying notes are an integral part of these financial statements.

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Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Fund balances - total governmental funds	\$ 771,069
Right of use asset, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,428,087
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pension	565,133
Deferred outflows - OPEB	219,911
Deferred inflows - pension	(487,797)
Deferred inflows - OPEB	(427,668)
Liabilities, including bonds payable, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Leases payable	(2,537,994)
Net pension liability	(2,724,260)
Net OPEB Liability	(360,487)
<i>Total net position - governmental activities</i>	<u><u>\$ (2,554,006)</u></u>

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue			
	General Fund 11000	Non Instructional Support 23000	Title I 24101	Entitlement IDEA-B 24106
<i>Revenues</i>				
Ad valorem and Oil and Gas taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	68,995	55,575
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	2,427,513	-	-	-
Charges for services	-	7,028	-	-
<i>Total revenues</i>	<u>2,427,513</u>	<u>7,028</u>	<u>68,995</u>	<u>55,575</u>
<i>Expenditures</i>				
Current:				
Instruction	1,222,843	5,161	59,658	55,551
Support services - students	201,204	-	9,337	-
Support services - instruction	962	-	-	-
Support services - general administration	134,000	-	-	-
Support services - school administration	76,861	-	-	-
Central services	131,871	-	-	-
Operation and maintenance of plant	343,594	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,111,335</u>	<u>5,161</u>	<u>68,995</u>	<u>55,551</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>316,178</u>	<u>1,867</u>	<u>-</u>	<u>24</u>
<i>Other financing sources (uses)</i>				
Transfers in	515	-	-	-
Transfers (out)	(1,604)	-	(515)	-
<i>Total other financing sources (uses)</i>	<u>(1,089)</u>	<u>-</u>	<u>(515)</u>	<u>-</u>
<i>Net change in fund balances</i>	315,089	1,867	(515)	24
<i>Fund balances - beginning</i>	<u>347,600</u>	<u>10,160</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 662,689</u>	<u>\$ 12,027</u>	<u>\$ (515)</u>	<u>\$ 24</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Charter Schools 24146	Teacher Principal Training & Recruitment 24154	Stronger Connections Grant (SCG) Program 24196	CARES ESSERS II 24308	ARP, ESSER III 24330
\$ -	\$ -	\$ -	\$ -	\$ -
-	5,023	23,650	13,312	115,557
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	5,023	23,650	13,312	115,557
-	-	-	-	-
-	-	-	-	61,695
-	-	-	13,312	-
-	5,023	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	23,650	-	53,862
-	-	-	-	-
-	5,023	23,650	13,312	115,557
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
22	-	-	-	-
\$ 22	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue			
	Title XIX Medicaid 3/21 Years 25153	REC / District Fiscal Agent 26107	Emergency Connectivity 26222	Libraries GO Bond 2012 27107
<i>Revenues</i>				
Ad valorem and Oil and Gas taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	279	-	-	-
Local sources	-	162,315	18,258	-
State flowthrough	-	-	-	9,106
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>279</u>	<u>162,315</u>	<u>18,258</u>	<u>9,106</u>
<i>Expenditures</i>				
Current:				
Instruction	-	156,047	-	4,553
Support services - students	-	5,500	-	-
Support services - instruction	-	1,000	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>162,547</u>	<u>-</u>	<u>4,553</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>279</u>	<u>(232)</u>	<u>18,258</u>	<u>4,553</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	279	(232)	18,258	4,553
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>(17,440)</u>	<u>(3,772)</u>
<i>Fund balances - end of year</i>	<u>\$ 279</u>	<u>\$ (232)</u>	<u>\$ 818</u>	<u>\$ 781</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Instructional Materials 27109	Community Schools Planning 27126	Community Schools Implementation Grant 27127	State Funded Out of School Time Program 27416	Behavioral Health Support 27583
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,783	77,425	-	39,347	34,949
-	-	-	-	-
<u>2,783</u>	<u>77,425</u>	<u>-</u>	<u>39,347</u>	<u>34,949</u>
1,012	4,823	-	39,347	-
-	59,706	-	-	33,999
-	12,896	-	-	950
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,012</u>	<u>77,425</u>	<u>-</u>	<u>39,347</u>	<u>34,949</u>
<u>1,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,771	-	-	-	-
12,197	-	-	-	-
<u>\$ 13,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	NM Econ Dev Dept 28210	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701
<i>Revenues</i>				
Ad valorem and Oil and Gas taxes	\$ -	\$ -	\$ -	\$ 23,397
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	146,808	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>146,808</u>	<u>-</u>	<u>23,397</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	1
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	146,808	-	9,784
<i>Total expenditures</i>	<u>-</u>	<u>146,808</u>	<u>-</u>	<u>9,785</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,612</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	1,604	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>1,604</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	1,604	13,612
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>(1,604)</u>	<u>67,586</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,198</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue</u>	
Capital Improvements SB-9 State Match 31703	Total
\$ -	\$ 23,397
-	282,112
-	279
-	180,573
15,619	2,753,550
-	7,028
<u>15,619</u>	<u>3,246,939</u>
-	1,610,690
-	323,058
-	20,831
-	134,001
-	76,861
-	131,871
-	421,106
28,466	185,058
<u>28,466</u>	<u>2,903,476</u>
<u>(12,847)</u>	<u>343,463</u>
-	2,119
-	<u>(2,119)</u>
-	-
(12,847)	343,463
<u>12,857</u>	<u>427,606</u>
<u>\$ 10</u>	<u>\$ 771,069</u>

The accompanying notes are an integral part of these financial statements.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances - total governmental funds	\$	343,463
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Revenues in the Statement of Activities that do not provide current financial resources
are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable		(1,321)
Change in unavailable revenue related to grants receivable		(18,037)

Expenses in the Statement of Activities that are not paid from current financial
resources are not reported as expenditures in the funds:

Amortization expense on right of use asset		(88,699)
--	--	----------

Governmental funds report District pension and OPEB contributions as expenditures. However
in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee
contributions is reported as pension expense:

District pension contributions subsequent to measurement date		250,620
District OPEB contributions subsequent to measurement date		27,617
Net Pension income		233,096
Net OPEB income		77,731

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued interest payable		16,021
Write off of book value from SBITAs previously reported		(5,231)
Net deduction in leases under GASB 87		(455,314)
Principal payments on leases		59,029

<i>Change in net position of governmental activities</i>	<i>\$</i>	<i>438,975</i>
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The accompanying notes are an integral part of these financial statements.

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Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
General Fund

Exhibit C-1

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
State flowthrough	\$ 2,279,433	\$ 2,363,845	\$ 2,427,513	\$ 63,668
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>2,279,433</u>	<u>2,363,845</u>	<u>2,427,513</u>	<u>63,668</u>
<i>Expenditures</i>				
Current:				
Instruction	1,308,222	1,308,347	1,224,144	84,203
Support services - students	318,760	307,606	201,204	106,402
Support services - instruction	500	1,400	962	438
Support services - general administration	118,113	138,406	134,000	4,406
Support services - school administration	77,017	79,864	76,861	3,003
Central services	135,230	138,365	131,871	6,494
Operation and maintenance of plant	599,410	617,187	341,951	275,236
Capital outlay	-	84,412	-	84,412
<i>Total expenditures</i>	<u>2,557,252</u>	<u>2,675,587</u>	<u>2,110,993</u>	<u>564,594</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(277,819)</u>	<u>(311,742)</u>	<u>316,520</u>	<u>628,262</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	277,819	311,742	-	(311,742)
Transfers in	-	-	515	515
Transfers (out)	-	-	(1,604)	(1,604)
<i>Total other financing sources (uses)</i>	<u>277,819</u>	<u>311,742</u>	<u>(1,089)</u>	<u>(312,831)</u>
<i>Net change in fund balance</i>	-	-	315,431	315,431
<i>Fund balance - beginning of year</i>	-	-	348,901	348,901
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,332</u>	<u>\$ 664,332</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 315,431
No adjustments				-
Adjustments to expenditures for supplies and payroll expenditures				(342)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 315,089</u>

The accompanying notes are an integral part of these financial statements.

SUPPORTING SCHEDULES

Aztec Municipal School District No. 2
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2024

Schedule I

Primary Government

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2024</u>
Citizens Bank				
	GN 18137 VD	10/20/2038	38381AQN9	\$ 2,919,840
	FFCB 1.38/2031	1/14/2031	3133EMNB4	3,250,480
	FN 20037 VB	6/5/2040	3136B97A9	1,633,340
	FHLB 1.5 2031	2/25/2031	3130ALCR3	1,639,900
	GNR 2022-73 A	3/16/2062	38381E6W3	<u>1,503,822</u>
Total Citizens Bank				<u>10,947,382</u>

Name and location of safekeeper for above pledged collateral:

Citizens Bank 500 West Broadway Farmington, NM 87401 (Repurchase Agreement Securities)

Total collateral pledged \$ 10,947,382

Component Unit

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2024</u>
Four Corners Community Bank				
	Alamogordo Sch Dist	8/1/2031	011464MU5	\$ 326,597
	Three Rivers Tex Indpt Sch Dist	2/15/2029	885749GV7	728,714
	TIOGA Tex Indpt Sch Dist	8/15/2031	887776FB3	<u>426,401</u>
Total Four Corners Community Bank				<u>1,481,712</u>

Name and location of safekeeper for above pledged collateral:

Four Corners Community Bank 500 W. Main, Farmington, NM 87401

Total collateral pledged \$ 1,481,712

See independent auditors' report.

Aztec Municipal School District No. 2
Schedule of Deposits and Investments
June 30, 2024

Schedule II

Primary Government			
Bank Account Type/ Name	Citizens Bank	Moreton Capital Markets	Total
Cash Deposits:			
Checking - Operational (Non-interest bearing)	\$ 3,193	\$ -	\$ 3,193
Total Cash Deposits	3,193	-	3,193
Investments:			
Sweep Account Balance (Interest bearing)	10,425,973	-	10,425,973
Other (Interest bearing)	-	8,999,987	8,999,987
Total Investments	10,425,973	8,999,987	19,425,960
Total Deposits and Investments	10,429,166	8,999,987	19,429,153
Reconciling items and petty cash	(389,531)	-	(389,531)
Reconciled balance June 30, 2024	<u>\$ 10,039,635</u>	<u>\$ 8,999,987</u>	<u>\$ 19,039,622</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1	\$ 4,789,663
Investments - Exhibit A-1	8,999,987

Restricted cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1	<u>5,249,972</u>
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<i>Cash and cash equivalents per Financial Statements</i>	<u><u>\$ 19,039,622</u></u>
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Component Unit		
Bank Account Type/ Name	Four Corners Community Bank	Total
Cash Deposits:		
Checking - Accounts Payable (Non-interest bearing)	\$ 56,068	\$ 56,068
Checking - Operational (Non-interest bearing)	710,933	710,933
Checking - Payroll Clearing (Non-interest bearing)	57,375	57,375
Total Cash Deposits	824,376	824,376
Reconciling items and petty cash	(56,442)	(56,442)
Reconciled balance June 30, 2024	<u>\$ 767,934</u>	<u>767,934</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1	<u><u>\$ 767,934</u></u>
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See independent auditors' report.

Aztec Municipal School District No. 2

Cash Reconciliation

For the Year Ended June 30, 2024

	Operational 11000	Transportation 13000	Instructional Materials 14000	Local Revenue Operational 15200
Audited Cash June 30, 2023	\$ 1,639,806	\$ 34,620	\$ 12,680	\$ -
Add:				
2023-2024 receipts	29,494,777	1,376,477	-	48,788
Total cash available	31,134,583	1,411,097	12,680	48,788
Less:				
2023-2024 expenditures	(28,177,421)	(1,185,787)	(11,191)	-
Total Cash	2,957,162	225,310	1,489	48,788
Add/Less other reconciling items:				
Audit Adjustment	(19,562)	-	-	-
Change in outstanding loans	(833,584)	(90,622)	-	-
Change in accruals/adjustments	(10,161)	5,007	-	-
<i>Cash per financial statement</i>	<u>\$ 2,093,855</u>	<u>\$ 139,695</u>	<u>\$ 1,489</u>	<u>\$ 48,788</u>

See independent auditors' report.

Food Services 21000	Universal Free Meals 21100	Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000
\$ 629,503	\$ -	\$ 21,664	\$ 413,428	\$ 52,099	\$ 763
<u>2,220,544</u>	<u>482,884</u>	<u>126,203</u>	<u>300,419</u>	<u>3,256,260</u>	<u>319,746</u>
<u>2,850,047</u>	<u>482,884</u>	<u>147,867</u>	<u>713,847</u>	<u>3,308,359</u>	<u>320,509</u>
<u>(1,740,478)</u>	<u>(482,884)</u>	<u>(125,663)</u>	<u>(281,934)</u>	<u>(4,333,877)</u>	<u>(270,372)</u>
<u>1,109,569</u>	<u>-</u>	<u>22,204</u>	<u>431,913</u>	<u>(1,025,518)</u>	<u>50,137</u>
-	-	-	-	-	-
-	-	-	-	1,028,506	(51,796)
<u>31</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>(557)</u>	<u>1,659</u>
<u>\$ 1,109,600</u>	<u>\$ -</u>	<u>\$ 22,222</u>	<u>\$ 431,913</u>	<u>\$ 2,431</u>	<u>\$ -</u>

See independent auditors' report.

Aztec Municipal School District No. 2**Cash Reconciliation**

For the Year Ended June 30, 2024

	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Local or state 29000
Audited Cash				
June 30, 2023	\$ 733	\$ 44,835	\$ 782,399	\$ 45,916
Add:				
2023-2024 receipts	-	1,230,545	680,567	14,000
Total cash available	733	1,275,380	1,462,966	59,916
Less:				
2023-2024 expenditures	-	(1,222,050)	(760,215)	(21,042)
Total Cash	733	53,330	702,751	38,874
Add/Less other reconciling items:				
Audit Adjustment	-	-	-	-
Change in outstanding loans	-	(11,243)	(41,261)	-
Change in accruals/adjustments	-	4,324	(5,248)	-
Cash per financial statement	\$ 733	\$ 46,411	\$ 656,242	\$ 38,874

See independent auditors' report.

Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Education Technology Equipment Act 31900
\$ -	\$ -	\$ 20,173	\$ 4,396,980	\$ 47,677	\$ 282,174
-	240,794	-	1,283,110	198,969	1,709,000
-	240,794	20,173	5,680,090	246,646	1,991,174
-	-	-	(1,628,294)	-	(1,245,530)
-	240,794	20,173	4,051,796	246,646	745,644
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 240,794	\$ 20,173	\$ 4,051,796	\$ 246,646	\$ 745,644

See independent auditors' report.

Aztec Municipal School District No. 2**Cash Reconciliation**
For the Year Ended June 30, 2024

Schedule III

Page 3 of 3

	Debt Service 41000	Ed Tech Debt Service 43000	Total
Audited Cash June 30, 2023	\$ 14,732,165	\$ 1,710,213	\$ 24,867,828
Add:			
2023-2024 receipts	833,801	6,262,392	50,079,276
Total cash available	15,565,966	7,972,605	74,947,104
Less:			
2023-2024 expenditures	(12,590,668)	(1,805,587)	(55,882,993)
Total Cash	2,975,298	6,167,018	19,064,111
Add/Less other reconciling items:			
Audit Adjustment	-	-	(19,562)
Change in outstanding loans	-	-	-
Change in accruals/adjustments	-	-	(4,927)
<i>Cash per financial statement</i>	<u>\$ 2,975,298</u>	<u>\$ 6,167,018</u>	<u>\$ 19,039,622</u>

See independent auditors' report.

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Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Cash Reconciliation
For the Year Ended June 30, 2024

	Operational 11000	Instructional Materials 14000	Non-Instructional Support 23000	Federal Flowthrough 24000
Audited Cash June 30, 2023	\$ 315,801	\$ -	\$ 10,160	\$ 7,397
Add:				
2023-2024 receipts	2,427,513	-	7,028	282,112
Total cash available	2,743,314	-	17,188	289,509
Less:				
2023-2024 expenditures	(2,110,994)	-	(5,161)	(281,573)
Permanent cash transfers	(1,089)	-	-	(515)
Total Cash	631,231	-	12,027	7,421
Add/Less other reconciling items:				
Change in outstanding loans	7,672	-	-	-
Change in accruals/adjustments	8,680	-	-	2,253
<i>Cash per financial statement</i>	<u>\$ 647,583</u>	<u>\$ -</u>	<u>\$ 12,027</u>	<u>\$ 9,674</u>

See independent auditors' report.

Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Public School Capital Outlay 31200
\$ -	\$ 882	\$ 12,537	\$ -	\$ -
279	134,111	173,761	20,000	146,808
279	134,993	186,298	20,000	146,808
-	(162,547)	(157,286)	-	(146,808)
-	-	-	-	-
279	(27,554)	29,012	20,000	-
-	28,635	(14,704)	(19,999)	-
-	539	1,960	-	-
<u>\$ 279</u>	<u>\$ 1,620</u>	<u>\$ 16,268</u>	<u>\$ 1</u>	<u>\$ -</u>

See independent auditors' report.

Mosaic Academy Charter School
A Component Unit of Aztec Municipal School District No. 2
Cash Reconciliation
For the Year Ended June 30, 2024

Schedule IV
Page 2 of 2

	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Total
Audited Cash June 30, 2023	\$ -	\$ 65,113	\$ 12,857	\$ 424,747
Add:				
2023-2024 receipts	-	25,299	15,619	3,232,530
Total cash available	-	90,412	28,476	3,657,277
Less:				
2023-2024 expenditures	-	(9,940)	(28,466)	(2,902,775)
Permanent cash transfers	1,604	-	-	-
Total Cash	1,604	80,472	10	754,502
Add/Less other reconciling items:				
Change in outstanding loans	(1,604)	-	-	-
Change in accruals/adjustments	-	-	-	13,432
<i>Cash per financial statement</i>	<u>\$ -</u>	<u>\$ 80,472</u>	<u>\$ 10</u>	<u>\$ 767,934</u>

See independent auditors' report.

COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Aztec Municipal School District No. 2
Aztec, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of the Aztec Municipal School District No. 2 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item 2024-001.

District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 11, 2024

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FEDERAL FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Aztec Municipal School District No. 2
Aztec, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aztec Municipal School District No. 2's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aztec Municipal School District No. 2's major federal programs for the year ended June 30, 2024. Aztec Municipal School District No. 2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aztec Municipal School District No. 2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Aztec Municipal School District No. 2 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Aztec Municipal School District No. 2's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Aztec Municipal School District No. 2's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Aztec Municipal School District No. 2's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Aztec Municipal School District No. 2's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Aztec Municipal School District No. 2's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Aztec Municipal School District No. 2's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Aztec Municipal School District No. 2's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 11, 2024

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Aztec Municipal School District No. 2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number	Assistance Listing Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Education					
<i>Direct Programs</i>					
Maximizing the Impact of Career-Connected Learning for Native Americans	25183	84.299A	\$ 130,279	\$ -	\$ -
Indian Ed Formula Grant	25184	84.060	100,483	-	-
<i>Subtotal - Direct Programs</i>			230,762	-	-
<i>Passed through New Mexico Public Education Department</i>					
Title I - IASA	24101	84.010	1,075,640	-	-
Title III English Language Acquisition	24153	84.365	10,173	-	-
Supporting Effective Instruction	24154	84.367A	77,327	-	-
Carl Perkins Secondary - Current	24174	84.048	45,351	-	-
Carl Perkins Secondary - Redistribution	24176	84.048	15,607	-	-
Carl Perkins Secondary - Redistribution 2	24183	84.048	9,500	-	-
Student Support Academic Achievement Title IV	24189	84.424A	58,675	-	-
Student Support Academic Achievement Stronger Connections Grant	24196	84.424A	345,108	-	-
Education Stabilization Fund: ESSER II	24308	84.425D (1)*	286,571	-	-
ARP ESSER III	24330	84.425U (1)*	1,523,055	-	-
Education Stabilization Fund: ARPA Homeless Children & Youth	24355	84.425W (1)*	8,695	-	-
<i>Total Education Stabilization Fund Cluster</i>			1,818,321	-	-
IDEA-B Entitlement	24106	84.027 (2)	742,275	-	-
IDEA-B Preschool	24109	84.173 (2)	29,510	-	-
IDEA American Rescue Plan Act of 2021	24346	84.027X (2)	119,799	-	-
IDEA American Rescue Plan Act of 2021 Preschool	24349	84.027X (2)	3,620	-	-
<i>Total IDEA Cluster</i>			895,204	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>			4,350,906	-	-
<i>Total U.S. Department of Education</i>			4,581,668	-	-

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number	Assistance Listing Number		Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Agriculture						
<i>Passed through New Mexico Public Education Department</i>						
Fresh Fruits and Vegetables	24118	10.582		\$ 34,076	\$ -	\$ -
Child Nutrition Cluster	21000	10.553	(3) *	413,591	-	-
Child Nutrition Cluster	21000	10.555	(3) *	109,777	-	109,777
Child Nutrition Cluster	21000	10.555	(3) *	1,383,683	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>1,941,127</u>	<u>-</u>	<u>109,777</u>
<i>Total U.S. Department of Agriculture</i>				<u>1,941,127</u>	<u>-</u>	<u>109,777</u>
U.S. Department of Interior						
<i>Passed through Office of the Navajo Nation</i>						
Johnson O'Malley	25131	15.130		39,610	-	-
<i>Subtotal - Passed through Office of the Navajo Nation</i>				<u>39,610</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Interior</i>				<u>39,610</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>				<u>\$ 6,562,405</u>	<u>\$ -</u>	<u>\$ 109,777</u>

* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

Notes to Schedule of Expenditures of Federal Awards**1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Aztec Municipal School District No. 2 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2 Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

3 10% de minimus Indirect Cost Rate

The District did not elect to use the allowed 10% indirect cost rate.

4 Federally Funded Insurance

The District has no federally funded insurance.

Aztec Municipal School District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing Number	Federal Program
10.553 and 10.555 84.425D, 84.425U, 84.425	Child Nutrition Cluster Education Stabilization Fund

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Aztec Municipal School District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS

None

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2024-001 PED Cash Report – (Other Noncompliance)

Condition: From procedures performed over the area of cash, we noted the District reported different outstanding items in the New Mexico PED report than the final bank reconciliation. This error resulted in a difference of \$61,226 between the District's yearend PED report and the District's bank reconciliation.

Criteria: Per NMAC 2.2.2.12(C)(2)(d) New Mexico Audit Rule, the audit report of each District shall include a cash reconciliation schedule which reconciles the cash balance as of the end of the previous fiscal year to the cash balance as of the end of the current fiscal year. This schedule shall account for cash in the same categories used by the District in its monthly cash reports to the PED. If there are differences in cash per the District financial statements and cash per the District accounting records, the IPA shall provide the adjusting entries to the District to reconcile cash per the financial statements to cash per the District accounting records.

Effect: The required PED cash report submitted as of June 30, 2024 was inaccurate.

Cause: The District reported outstanding items in the New Mexico PED report that were different than the final bank reconciliation.

Auditors' Recommendation: We recommend that the District perform a proof of cash and ensure that cash balances by fund agree and reconcile to the bank reconciliation and the PED Cash report as required by Manual of Procedures (PSAB).

Agency's Response: Procedures to reconcile the NMPED cash report, bank reconciliations, and general ledger will be reviewed. An external contractor will be hired to provide additional training in the bank reconciling ERP module to ensure all cash is reported accurately. This will be implemented by the Associate Superintendent of Finance in the second quarter of FY 2025.

SECTION V. PRIOR YEAR AUDIT FINDINGS

2023-001 Controls Over Cash Reconciliation (Other Noncompliance) – Resolved

2023-002 Incorrect Retirement Deductions (Other Matter) - Resolved

2023-003 Purchases Made Prior to Approval (Other Matter) - Resolved

2023-004 Late Payment of Invoices (Other Matter) – Resolved

2023-005 Controls Over Cash Receipting (Other Matter) – Resolved

2023-006 Controls Over Revenue Reporting (Other Matter) – Resolved

2023-007 (Component Unit) Missing Background Check - Resolved

Aztec Municipal School District No. 2

Other Disclosures

June 30, 2024

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 13, 2024. In attendance were the following:

Representing Aztec Municipal School District No. 2:

Laci Newland – Board Secretary
Lauren Laws – Interim Superintendent
Evelyn Garcia – Associate Superintendent of Finance
Jonathan Acrey - Associate Superintendent of Human Resources
Duwana Valdez – Business Manager
Shane Chance, CPA – Audit Committee

Representing Mosaic Academy Charter School:

Eva Barron – Governing Council Secretary
Tami Nothstine – Business Manager

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Aztec Municipal School District No. 2 from the original books and records asserted by management. The responsibility for the financial statements remains with Aztec Municipal School District No. 2.